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THE year of 1956 is receding into political history with the chronicle of events, outstanding issues. and past storms. What does the balance sheet show: what did it inherit and what is its heritage? Should a somber conclusion or a word of hope be inscribed on the margin of its closed pages? Does it confirm the possibility of coexistence or does it afford conclusive proof of the inevitability of bloc antagonism?

In view of the deterioration of the international situation registered during the past few months, congenital and deliberate pessimists tend to discard the past year into the political debit balance only too lightly; last year has confirmed they say that the dreams of coexistence cannot be transformed into lasting and concrete reality, that the process of aggravation and not relaxation of tension is a constant of contemporary development.

Such opinions, deliberately or not, overlook a series of this years political phenomena which testify to positive political tendencies, and which may be included in one way or another into the general affirmation of the factors of coexistence. Let us mention only the most important among them.

Although no concrete solutions were reached on the crucial problem of disarmament, it may nonetheless be said that a favourable qualitative change has taken place in the approach to this issue. The disarmament

problem emerged from the vicious circle of propaganda duels and entered the stage of practical and concrete discussion, in order to end the present stalemate as regards this problem which is ripe for solution two things are primarily necessary: to eliminate the psychological barriers of mistrust, and then, not waiting for total agreement, immediately approach practical and direct measures of a limited scope: far from impairing the significance of the whole political project they would represent its first concrete experiment and afford a suitable prologue for further discussions.

The fact that particularly in the first three quarters of the year the emphasis of big power rivalry was shifted from the military into the economic sphere; the realization that it is better to struggle for the friendship of Asia and Africa by offers of constructive economic assistance than by unconvincing promises of military salvation should also be added to the credit balance.

The good start made in the field of atomic cooperation by the establishment of the Atom Agency testifies to the fact that practical solutions can be devised for major problems. This is an extremely significant event both because it bears directly upon the field of international cooperation whose significance will be enhanced from year to year as a characteristic feature of the century, and because it is a proof of the possibility of concrete international cooperation so urgently

required to clear the international atmosphere of accumulated electricity.

The Twentieth Congress of the Soviet Communist Party is another item on the credit balance. By its denunciation of the Stalinist cult and its consequences, in addition to its special significance for the evolution of the labour movement the Twentieth Congress also had positive implications on the international plane. Criticizing an individual it also indirectly criticised the policy of international mistrust largely inspired by this individual, and thus contemplated from a long term aspect, opened vistas for a more open international discussion.

The spirit and results of the visit of President Tito to the Soviet Union should particularly be stressed to within the context of the changes effected in Soviet foreign policy: a well known declaration was published on this occasion whose principles proclaimed are integrated into the general concept of coexistence publicly and explicitly confirming the right to independence, as the prime precondition for a solid and lasting peace.

The strengthening of the anti-colonial front represents the next heading on the credit balance. The two youngest states of Morocco and Tunis have appeared on the world map. Apart from this, group of independent states of Asia and Africa increased the dynamism of their activities and role in the intricate maze of world events. It is sufficient to recall that two prominent representatives of the "coloured world" Nehru and Soekarno have a busy diplomatic year behind them marked by long journeys and significant visits to several countries.

As an external symptom of the internal crisis within the blocs suggestions are being made to the effect that bloc activities be shifted from the domain of military strategy to the sphere of economic political and cultural cooperation. As a policy the concept of reviving the blocs on a broader basis cannot provide a correct solution; it is characteristic as a symptom however indicating that even the ideologists of the bloc theory are aware of the blind alley into which they have been driven by bloc inertia.

Finally the Polish case brought an encouraging ray of light into the otherwise somber fourth quarter of the year. The Polish transition without shocks and complications a new road of socialist democracy and more independent action testifies to the fact that the disavowal of Stalinism does not necessarily involve complications on an international scale, chaos and disintegration, or the unnecessary retrogression on the abandoned bourgeois system.

These positive phenomena were overshadowed by the ominous clouds which amassed on the international horizons during the past few months. The Suez expedition and the Hungarian tragedy have left a trail of violent and embittered propaganda in their wake: voices were heard in the twilight of these events that the advocacy of coexistence is just a utopia of well intentioned people, and that the cold war was and remains the only reality.

The advocates of bloc intransigency drew two fundamental conclusions from the chronicle of the Suez and Hungarian events. First, — the world is confronted by ineluctable cyclical phases of tension: the conflict of concepts and interests must be constantly expressed by the bloc equation, — therefore bloc cohesion should be safeguarded at one's own rifle point if necessary. Second, the post war chronicle records several local con-

licts and minor wars, which means that they cannot be averted; it is not even particularly necessary to avoid them, because as shown by experience they do not inevitably lead to universal conflagration.

The second argument is an example of the abuse of empiricism: the dangerous cumulative effect of "minor crises" is unconsciously or purposely ignored; tension grows until the fatal spark is discharged at a certain point. As for the former argument, if the biased logic is abandoned, the Suez and Hungarian events indicate quite the contrary, — not the inevitability of bloc existence but their permanent and ever graver deterioration under the contemporary conditions.

The general lesson provided by the Suez and Hungary, — needless to say with the manifestation of certain specific differences, — twofold. Under the present circumstances, confronted by contemporary social and political processes, problems cannot be essentially, really and permanently resolved by force. Such "solutions" may bring an illusion of momentary success, but contemplated in the long term aspect they are pregnant with dangerous complications. Moreover independence of nations is a factor which functions parallel with world peace; every threat to the independence of an individual nation undermines the foundations of world peace; and obversely, only the affirmation of independence, most precisely and substantially, provides solid supporting walls.

On the Suez the aggressors contended that they are fighting for the defence and strengthening of the most vulnerable points of their bloc. In point of fact, their action was not only tantamount to the introduction of an incendiary bomb into the Middle Eastern area, but also called forth considerable differences of opinion within their own bloc. In Hungary one party approached the entire issue primarily from the standpoint of defending the intactness of its bloc; the other with the intention of profiting by the adversaries difficulties for making a breach of their bloc strategy. Instead of strengthening such an approach only impaired the moral and political positions of both sides.

Apart from the general, the two major crises last year also provided some specific lessons.

The scene on the sandy dunes of the Suez showed that one cannot put a stop to the deep contemporary colonialist crisis with gunfire. In the Egyptian adventure France sought a radical remedy for the Algerian troubles; Britain wished to restore her prestige impaired by the ouster of Glubb Pasha in Jordan and put an end to the chronic unrest on Cyprus. These hopes were shattered just as swiftly as they appeared. The two metropolises emerged from the adventure with still more certain prospects for the aggravation of the crises of the imperialist system.

It was likewise confirmed that local aggression can no longer be committed with impunity. This is a circumstance of paramount importance for the future decisions and deliberations.

The United Nations edifice overcame the acid test of the Suez incident. The severe condemnation in the UN forum and the setting in operation of its machinery represented efficacious factors in checking the march of aggression. This is also a fact invested with an immense significance: on the razors edge of fatal dilemma the United Nations avoided the transient fate of the League of Nations.

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Review of International Affairs

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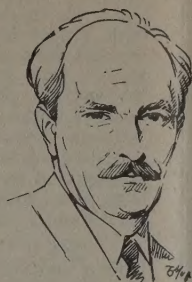
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Janez STANOVNIK

Yugoslavia and the UNO



By stopping aggression against Egypt and by admitting twenty new members to its ranks, the United Nations has become a more significant factor in world politics. Among many other states, Yugoslavia too, has helped to bring about this new affirmation of the World Organization by taking a conspicuous part in the work that has raised its stature. Since, in the past, she has been a victim of aggression several times, Yugoslavia has fought and continues to fight against war as a means for solving international disputes.

Yugoslavia is situated in a region, where, until recently, only one of her seven neighbours was a member of the United Nations, so that the struggle for the United Nations universality coincided with her own interests. The great activity of our country in the United Nations can be said to have been due to the fact that the aims of our foreign policy are identical with the aims of the United Nations Charter. Consequently, the new and greater role the United Nations is beginning to play in world politics may also be taken to be a new affirmation and a victory of the principles of Yugoslavia's foreign policy.

Yugoslavia's foreign policy is based on the principle of sovereign equality of all nations, on the peaceful coexistence between them. The appearance of a number of new independent states is, perhaps, the most important achievement of our time, and the foreign political activity of these states now introduce considerable changes in world affairs. These changes can best be grasped in the United Nations, where these new states enjoy the status of full equality, and where they have been opposing the "natural law" that the "big fish" feeds on "small fish", thus helping to uphold the rule of the Charter that all men are born equal. The Charter itself would have become a dead letter, just as was the case with the Pact of the League of Nations, if the small countries; which by their nature and strivings are the main pillar of peace, had not introduced new elements in world politics.

The new role of these small countries in world politics and in the United Nations reaffirms the principles of peaceful coexistence, upon which Yugoslavia's foreign policy is based. Without the practical implementation of these principles the United Nations in fact would not be able even to exist. Unfortunately, some years ago, these principles were recognised only by the Charter, while outside the United Nations the policy of cold war was being pursued. As a result, developments outside the United Nations then affected the world situation much more than the policy of the Organization itself. Our country, as well as other small and underdeveloped nations, know from experience that in most cases ideological arguments were used as a pretext for realizing definite political ambitions. In her day-to-day policy, Yugoslavia is developing good relations with the neighbouring states, although only a few years back these countries were exerting aggressive pressure against her. Now, the principles of peaceful coexistence, which have proved to be so fruitful, must bring about conciliation in other parts of the world too.

Coexistence is no longer one of many possible policies, but, owing to the progress of military technology, the only possible policy. Judging by all, this progress in military technology itself seems to be a negation of war, and as such it is welcome. Recent developments have shown that some irresponsible and adventurous elements may start local wars in the hope that — owing to the inescapable consequences of an atomic war, both for the "victorious" and for the "vanquished", no one would dare start a total war. The decisive action which the United Nations took recently showed to the aggressors — including two great powers — that the moral strength of the United Nations in suppressing aggression is today just as important as the military potentials of individual great powers.

Peaceful coexistence is not a policy of tolerating or perpetuating the existing differences and contradictions in the world, nor is it a policy of balancing the world forces. The policy of our country tends to establish complete confidence in the world by improving the international situation gradually. Accordingly, we do not put this matter in the alternative form: whether to establish international confidence first and then approach the problem of disarmament, or whether to negotiate general disarmament first so as to make such confidence possible. In our opinion, step by step disarmament, accompanied by measures to strengthen international cooperation in the economic and cultural fields, would create an atmosphere of confidence, which in turn would be the best instrument of "control". Therefore, Yugoslavia, together with other small and economically underdeveloped countries, attaches so great importance to the development of new forms of economic cooperation through the United Nations. So far the small countries have been united in three basic spheres of world politics: in suppressing aggression, in developing new forms of economic cooperation, and in eliminating the remnants of colonialism. Experience has shown that the small nations in the United Nations are the sincere guardians of peace. But if they are to fulfil this historical role, they must be given economic assistance which will lay the foundations for the world's new economic integration.

NEW ROADS

Marija FILFAN

THE events in Hungary are interpreted in various ways. The ideological apologists of Western bloc policy cite Hungary as the most vivid example of the process of "communist disintegration" which is allegedly in progress throughout Eastern Europe. According to them "national communism" as they call the present situation in Yugoslavia and Poland can only represent the final stage of this process and must sooner or later be replaced by the Western brand of freedom. They also state that the Yugoslav example had a "corroding" effect. The conservative elements in Eastern Europe provide a similar interpretation of the Hungarian events, branding them as an attack on the socialist system in general, as an attempt of external and internal counter-revolution to restore capitalism. It is then no wonder that to a greater or lesser extent they also ascribe the same "corroding" role to Yugoslavia in Eastern Europe.

Both are incapable of discerning the essence of the developments in Eastern Europe, in all these countries, of which even the most developed are relatively backward, an internal process is under way where ever the working class is conscious of its position in society, conscious of the prime importance of the problem of economic development and national independence as the basis of this development. The process which is referred to in the West as the "decline of communism", is in fact a process of renaissance in those countries of Eastern Europe whose socialist forces were strong enough to discard the transplanted forms which developed under the specific postwar conditions. In Hungary this process acquired such tragic forms owing to the exceptionally difficult conditions of subservience of that country, the extremist Stalinist forms developed by the Rakosi regime, and the bloc policy pursued by the Western powers with regard to Hungary.

Precisely because the process in Eastern Europe relies everywhere on the same forces, — the working class as the conscious force of society, and hence the most vitally interested in the economic development of its country and the defence of national independence as the function of this development, — the process is also inevitably invested with identical forms of development and identical claims of the working masses. It is then no wonder that one of the first claims of the Polish working class consisted in the creation of Workers Councils, just as in the case of Yugoslavia in 1950, where owing to the historical circumstances the independent role of the working class became manifest earlier.¹ The workers of the Warsaw automobile factory in Zeranje were not in the least nonplussed by the objections advanced by the conservative trade union elements to the effect that the autonomy they demand is a mechanical copy of the Yugoslav model. They demanded establishment of Workers Councils as an instrument for the affirmation of the Polish working class. Not waiting for the enactment of the relevant legal regulations, they elected the organs of workers management and assumed the management of factories. At the same time they sent their representatives to the workers collectives of other factories urging them to follow suit. The Eighth Plenum of the Central Committee of the Polish United Workers Party, complied with the demands of the workers and recommended the creation of new organs of workers management. Already on November 1, the Polish Government advanced the draft decision on the organization and jurisdiction of Workers Councils which was approved by Parliament on November 19.

The Essence of Polish democratic development lies in the fact that the creation of Workers Councils in Poland opens prospects for the direct influence of the working class on the economic development of the country. The essence of Polish democracy does not lie in freedom of the press which we do not underestimate, or in the restoration of some political parties, — which is rather a manifestation of the specific character of the present phase

of Polish political development, marked by the liquidation of the Stalinist heritage, whose political forms could not unite the people on the tasks of socialist development. The essence of Polish democratic development lies in the fact that through the Workers Councils the Polish working class, is becoming a direct factor in the determination of economic development and hence also the foremost political factor in the country, which, particularly during the fateful events, showed its socialist consciousness in the struggle against everything conservative and against forces which stand for the restoration of the bourgeoisie.

In its defence of socially owned property and spontaneous wish to acquire a more prominent role in the social process, the workers class of Hungary also started creating Workers Councils at the very beginning of the revolt. Under the pressure of the working class the new government included the establishment of workers management in factories in its programme, while Workers Councils were also formed in many parts of the country and survived in a number of factories even during the most critical phases of the Hungarian events. The Kadar Government had to enter them within its programme as an achievement of the October rising.

Nor is Czechoslovakia immune of this process. Hardly three months ago the Central Committee of the Czechoslovak Communist Party denounced the workers efforts to acquire greater influence in enterprise management through the trade unions, as a "manifestation of anarchistic trade unionism". A few days ago however the high Czechoslovak trade union and political officials reverted again to the problem of trade unions and their role. It is stressed that the "active and broad participation of the working people in the management of production is a most significant and decisive factor in the development of the national economy" (F. Zupka Chairman of Czechoslovak trade unions). The increased role of the trade unions is considered an essential precondition of the development of socialist democracy and it is therefore imperative that the workers acquire influence on a series of problems relating to production and take active part in their deliberation (V. Siroki). The Central Committee of the United Socialist Party of East Germany which strove desperately to stem the tide in connection with the events in Poland and Hungary, published a decision of the Central Committee on November 20 in which it was stated that the fulfillment of the basic tasks of socialist construction, such as the increase of productivity by means of the application of the latest scientific and technical achievements, is only possible if the workers consider that the tasks of the factory are their own concern, and if they are invested with rights enabling them to cooperate responsibly in the solution of these matters. During the subsequent discussion party leader Ulbricht stated that in his opinion selfgovernment would lead to dislocations in economy, — typical fear rooted in old habits, — while the workers demand its establishment. (Similar tendencies of the working class to acquire a stronger direct influence on the development of the national economy were also manifest at this years congress of the British and Belgian trade unions, while the congress of the Indian Congress Trade Unions demanded the immediate establishment of workers management in the nationalized enterprises.)

In the process of social renaissance in Eastern Europe the new progressive forces inevitably began dissipating the Stalinist myth of a socialist society which is devoid of all problems and conflicts except with the remainders of the reactionary bourgeoisie. Problems are now put forward bravely and boldly in order to find solutions. Economic problems on whose solution depend the promotion of the standard of living and tempo of democratization are in the center of attention. "We have managed the economy by "war-time" methods based on moral and political appeals and legal administrative orders, instead of economic incentive. The abuse of these methods, especially the attempts to convert them into a permanent system, the fallacious identification of socialism with the exceptional methods used in the period of transition led to the cumulative growth of disparities in economy which have today reached a level just short of economic chaos. "It is thus that Oscar Lange describes the economic effects of Stalinism in Poland in his article published in the review "Ziety Gospodarcze" (of July 16) which is not isolated in contemporary Polish journalism. Lange affirms that the economic chaos during the past few years was only possible owing to the lack of control by the working masses which enabled the bureaucratization of the management of the national economy, and opened the way to excessive centralization and the cumulative growth of disparities in economy. It also prevented the increasing disproportions and other difficulties from being corrected in time.

Today the Polish working masses feel that the government and party leadership is conscious of the burden of construction and Stalinist heritage which masses are bearing, and that by discussing, writing and seeking solutions they are publicly sharing it

¹ Data taken from article by M. Vivoda; Discussion on Workers Management of Factories in Poland, Naša Stvarnost, No. 11-12/1956.

with them. Public discussion together with the new rights in factories will provide fresh incentive to the Polish working class.

The social renaissance of Eastern Europe would be impossible with the retention of old interstate relations based on unequal rights. Therefore the process of democratization is developing parallel with the demand of the working masses for equal interstate and inter-party relations, and it is not incidental that both reached their climax in Poland simultaneously. It is not a question of Polish alienation from the USSR as interpreted by some Western ideologists, nor bourgeois nationalism as alleged by some conservative elements in the Communist parties. It is just every national economy, it is a living organism which can develop most smoothly under conditions of non-interference and absence of external pressure, and that every nation yields maximum contribution to the international community only as a free member. Speaking of the errors in the relations which led to alienation and misunderstandings among the socialist countries in its Declaration of November 2, the Chinese Government correctly observes that "owing to such interstate and inter-party relations some socialist countries were incapable of such socialist development which would correspond better to their historical and specific conditions." Relations of inequality led to the deformation of social and economic relations with which Eastern Europe is confronted today. National independence is today a function of economic development and therefore every infringement of the freedom of small and undeveloped countries anywhere in the world over a longer period of time would be unbearable and impracticable. Just as the effort is to impose the political and economic forms of Stalinism ultimately failed, every attempt to impose other economic and political forms from outside would be doomed to failure. As shown by the beginning of the new process Eastern Europe is seeking its own forms of socialist democracy.

The course suggested by the government of Peoples China in its Declaration of November 2, namely "that the five well known principles become the guiding principles for the establishment and development of mutual relations between the peoples of the world in general and especially mutual relations between the socialist countries, and that the socialist countries are capable of achieving genuine fraternal friendship and solidarity only in that manner" is precisely the precondition for the smooth development of socialist democracy and economy in Eastern Europe.

Translated into our language this means that socialist countries can achieve mutual friendship and friendship with other nations only on the basis of active coexistence.

It would be desirable, both in the interest of active coexistence and socialism, that some socialists in the West who are also these days inclined to think in terms of the decline of communism and are publishing articles on the subject, realize the essence of the processes in Eastern Europe and abandon a policy which can only lead to the aggravation of the international situation, which they surely do not consciously desire.

Tone SKALAR

AFTER THE CONGRESS OF THE ITALIAN COMMUNIST PARTY

THE Eighth Congress of the Italian Communist Party (CPI) at which selected representatives of the most powerful communist party in Western Europe discussed the problems and tasks confronting the Italian communists wound up a few days ago. It is still too early to assess the importance of this congress for the Italian communists and Italian labour movement. In his address Togliatti stressed that "it cannot and will not be a congress of a mere administration". Truly, the prime orientation of the congress consisted in the renewal of the CPI and its programme. Time will show the practical results based on the postulates of the congress. One thing is already clear today, however, namely that the Eighth Congress of the Italian Communist Party represents an important event in the struggle of the Italian working class for a better future, an independent democratic Italy and an Italian road to socialism.

In Togliatti's words the Eighth Congress should have marked the "final chapter in a vast process which

already contains the seeds of a far reaching renewal". The Congress undeniably reflected the deep process initiated in the CPI and the Italian labour movement during the past few years, especially after the Twentieth Congress of the Soviet Communist Party. However it is not and cannot constitute the final act in this process in view of the fact that the entire international labour movement is experiencing deep changes characteristic for a transitional period, and that the Congress neither clarified nor aimed at elucidating these problems.

The overwhelming majority of delegates declared themselves in favour of the conceptions and methods of resolving problems proposed by the Congress. This does not mean that all attending the Congress and party were satisfied with this orientation. Some criticized such a course from conservative Stalinist positions, while others accused the leadership of lack of courage and clarity in formulating the directives for practical activity. Neither were numerous. It may be assumed, however, that the number of critics would have been greater if all who were critically disposed towards Togliatti's endeavours to unite all currents by appropriate concessions to the different tendencies had taken the floor. However, this does not vitally affect the positive contribution of the Congress to the democratic development of the CPI and the practical struggle of the Italian working class in general, all the more so as the principles which open the way for the continuance of the process of unification within the Italian labour movement predominated both at the Congress and in the Party programme adopted by the Congress. This success is all the more significant

HAPPY NEW YEAR

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in view of the efforts made by the conservative elements before and during the Congress, to intimidate the members by an alleged fresh threat of "advancing imperialism", and who appealed — on behalf of allegedly threatened unity — for unconditional discipline, thus suppressing discussion of the methods and ways of the struggle for socialism in Italy and the vital problems of the contemporary socialist movement in the world.

As for the prospects of international socialist development, particularly the recent tumultuous events in Eastern Europe which were also discussed, the Eighth Congress strove primarily to call attention to the reasons underlying the present crisis in the international labour movement, especially in some countries where the working class has assumed power. The Congress also laid down the tasks and responsibilities which confront the Italian Communist Party and working class in this connection thus contributing to a realistic orientation with regard to the solution of these problems and the elimination of obstacles which accumulated primarily as a result of an incorrect practice in the international labour movement in the recent past. In this sense the Congress denounced some phenomena and methods such as tendencies towards the political and ideological monopoly of one party and state in the socialist world; bureaucracy as a social and economic phenomenon and force in countries building up socialism; the disparagement and rejection of the experiences acquired by the international labour movement during the past few decades; the proclaiming of every concept which does not conform to the official attitude of one centre, hostile; organizational forms which hamper the free development of progressive forces in the struggle for peace and socialism within a national framework, etc.

Speaking of the bitter experiences yielded by monopolistic and other undemocratic tendencies in the international labour movement, Togliatti resolutely affirmed that the socialist world is strengthening, "By renewing and re-deploying itself internally in a new manner, and shattering clichés which hamper its élan".... He declared himself in favour of such unity in the labour movement "which is created in the difference and originality of the individual experiences, which is nourished by mutual critical spirit and strengthened in the autonomy of the individual parties".

The latest events in the world, particularly the Hungarian tragedy and the different opinions which appeared in the appraisal of these events and tasks of the socialist and progressive forces, prevented the Eighth Congress from saying all that is already ripe to be stated in the Italian labour movement on the international aspects of socialist development, and draw the relevant conclusions with regard to the practical programme of the Italian communists. There can be no doubt, however, that by gauging the mood of the working masses and the implementation of the decisions brought by the Congress this aspect of the problem will also be clarified, all the more so as the Congress provided a sufficiently flexible platform of action and armed the Italian communists for a constructive contribution to the promotion of friendly cooperation, free exchange of experiences and views with other labour movements.

Judging by all circumstances, the most important task of the Eighth Congress of the CPI consisted in reaffirming, re-explaining and working out the Italian road to socialism by relying still more strongly on the teachings of Gramsci and enlisting the working class and working people of Italy for such a road. In this sense the Congress really marks an important turning point in

the process of the renewal of the party and its programme. The maxim "for an Italian road to socialism" was never a mere slogan. However the substance of this independent orientation of the Italian communists was not elaborated to such an extent as was the case at the Eighth Congress when not only the relations of the Italian communists towards the ruling class and the existing state and social institutions and other organizations of the working class, but also the tasks of the Italian communists in factories and the countryside, the municipalities and parliament, and trade unions have also been formulated with a keen sense of reality. The Congress declared itself resolutely opposed to clichés, and the blind imitation of alien experiences. It invited the Italian communists to concrete struggle under the present social conditions. Consequently the Italian communists do not believe that the tasks which confront the Italian party can be resolved by ready made formulas, but by action "which is capable of organizing and directing a broad mass movement... Respecting the way in which the dictatorship of the proletariat was brought about in other countries, creating new associations and cooperation with the respect of the democratic method, breaking the resistance and attacks of the enemy by the force of the entire working people".

It is on this basis that such concrete direct tasks were formulated as the struggle against unemployment for example; for general agrarian reform, the nationalization of some industries, the economic development of southern Italy, a consistent system of regional autonomy and promotion of local self government, the establishment of a general social welfare system, etc.

The Congress unequivocally censured those who considered the "Italian road to socialism" only a tactical slogan and proved that this road should be pursued by the application of Marxist-Leninist principles under Italian

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conditions and through a process which will not be a slave of obsolete clichés or foreign models. Therefore the Eighth Congress is a significant contribution not only to a more resolute orientation of the Italian labour movement, but also the reinforcement of socialist forces in the world and the development of socialist thought and the political practice of the labour movement.

For us Yugoslavs and the cooperation between Yugoslav and Italian labour movement the Eighth Congress is invested with a particular significance as it confirmed and warmly welcomed the restoration of friendly cooperation between the communists and working people of the two neighbouring countries. This cooperation yielded satisfactory results and proofs of mutual assistance of our parties already in the past, especially during World War II. The recent visits of the leaders of the Italian Communist Party to Yugoslavia and the representatives of the Yugoslav communist leadership to Italy and the exchange of opinion made so far have revealed vast possibilities and mutual advantages of such cooperation in the future.

The Yugoslav and Italian communists may disagree on some problems, but the field of common action of the labour movements of our peoples is so broad and manifold that fruitful and friendly cooperation is possible notwithstanding these differences. The continuance of cooperation will result in better mutual acquaintance and understanding while enabling the gradual solution of the problems still outstanding.

This is further facilitated by the fact that both parties are inspired by the wellknown principles of frankness, equal rights, mutual respect of views, friendly constructive criticism, non interference, etc.

The Eighth Congress of the CPI will doubtless play a positive and beneficial role in this respect having adopted the standpoint that the problems of internal development and relations in the labour and progressive movements should be resolved by their own forces and on the merits of each individual case. The Congress therefore rejects all that would hamper the accomplishment of genuine international solidarity on the sound and realistic foundations of concrete conditions and possibilities.

BRITAIN'S POLITICAL DILEMMA

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THE consequences of Great Britain's warlike incursion into Egypt in partnership with the French Government are even now hardly appreciated by more than a fraction of the British people, though the Labour Party's forthright opposition to the Government's policy, aided by the courageous stand taken by the *Manchester Guardian*, the *Observer*, the *Daily Mirror*, the *Economist*, and a few other non-Socialist newspapers and journals, has done a good deal to make a considerable body of public opinion aware of the magnitude of the disaster to British prestige and to Commonwealth relations. Labour supporters, I am glad to say, have been practically solid in opposing the line taken by the Government; and the whole affair has had a remarkable effect in bringing the previously contending groups inside the Labour Party closer together in common opposition to a continuance of Tory rule. Hugh Gaitskill, both at home and at the recent meeting of the Socialist International, has taken up a strong attitude that has surprised many of his former critics; and Aneurin Bevan's appointment as 'shadow' Foreign Secretary in the Labour 'shadow' Cabinet, following upon his election as Party Treasurer in October, has already had a big effect on the Party's effectiveness in international affairs. A change of Government can hardly come about as long as the Tories, despite their known internal disagreements, continue to hold together in public and remain able, however incompetently, to work together as a team. Even if they were to fail to do this, and a reconstruction of the Government were to lead to an early General Election, it is not yet possible to prophesy with any confidence what the outcome would be. The so-called 'marginal' voters, on whom the result of an election would depend, are the least informed section of the electorate, and are probably for the most part still unaware of the magnitude of the disaster the Government's policy has brought about. Not many of them, I think, can really believe the Tory assertions that the Eden-Mollet invasion of Egypt has been, even in the smallest degree, successful in achieving its objects — whatever they were; but probably a good many of them are still saying that the harm was done, not by invading Egypt, but by withdrawing under American pressure before these objects had been achieved, and are blaming the United States Government for 'letting Great Britain down' rather than the British Government for embarking on an adventure that was both a flouting of the United Nations Charter and altogether beyond the unaided powers of Great Britain and France. There is still, both among British

Tories and among the least instructed sections of the British people a large element of the old imperi-list assumption that Great Britain has a right to ride roughshod over the less developed countries whenever any British interest seems to be at stake — and with this attitude goes a good deal of contempt for the Egyptians in particular, and of resentment at the enforced evacuation of the Suez Canal Base a few years ago. Socialists, whether of the right or the left wing of the Labour Party, are of course in the main unaffected by such obsolete attitudes; but there is a large body of reactionary and politically unattached opinion of which this cannot be said. This mass of instinctive jingoism is likely to be reduced only as the consequences of the Government's misdeeds become more clearly evident — in rising prices, in shortages of oil and other important supplies, and probably in sharply rising unemployment and higher taxation. How serious these consequences will be, and how soon they will be brought home to the entire population, of course depends partly on the attitude now taken up by the Americans in supplying oil and financial help; but it also depends not a little on the behaviour of financial agencies throughout the world in relation to the British pound sterling. Unless the run on the pound by foreign exchange speculators can be checked by Mr. Macmillan's vehement assurances that there is no intention of devaluing sterling or of allowing it to depreciate until the foreign exchange reserves of the sterling area have been reduced much further, the economic situation of Great Britain will clearly soon become very bad, and the adoption of severe deflationary measures will become unavoidable. Should this happen, the Government's position will be greatly weakened, and a Labour election victory will become highly probable; but a victory in such circumstances would evidently confront an incoming Labour Government with problems with which it would find great difficulty in coping without being driven to highly unpopular measures. The Tories have done the damage, and are solely responsible for it; but unfortunately the effects will fall upon any Government on which may rest the hard task of cleaning up the mess.

The plain conclusion that emerges from what has happened during the past few weeks is that Great Britain is no longer a world power able to frame a policy of its own in the international field, without regard to world opinion, as far as this is expressed through the United Nations, or to the attitude of the United States. Indeed, what emerges most clearly of all is Great

Britain's sheer dependence on America — above all in the affairs of the Middle East, but also generally as long as the cold war continues between the Soviet bloc and the West. It has long been obvious to anyone who considered the matter objectively that the burden of armaments assumed by Great Britain under the North Atlantic Treaty is far in excess of what the country can afford without severe detriment to meeting its large needs for capital development as well as for consumers' goods to maintain current standards of living; and in face of the fresh financial burdens imposed on Great Britain as an outcome of the Suez fiasco it has become imperative to reduce the armaments bill and accordingly to cut down the liabilities on account of which it is being incurred. Whatever now happens in the Middle East, Great Britain has clearly forfeited its influence in that part of the world — and indeed over a much larger area; and for good or ill, the vacuum thus created can be filled only by the United States or by the Soviet Union — unless they can somehow manage to share it between them.

Most Tories, being at heart still imperialists, find it very difficult to accept these evident facts. Hence their fury with the Americans, whom they accuse, most absurdly, of "letting Great Britain down". Most of them, however, cannot but be aware, as soon as they pause to reflect, that it is entirely futile to let their anger at the American attitude get the better of them, and that they will be forced, in practice, either to do whatever the Americans tell them or to renounce their pretensions to world authority and join the camp of those less-powerful nations which have learnt to regard the keeping of the peace as a necessary condition of survival in the modern world. In this connection, the greatest import now clearly attaches to the relations between Great Britain and India, as an independent member of the Commonwealth that has taken up an attitude of neutrality in the cold war. The Tories would dearly like to vent their spite on India for its attitude over the Suez affair; but were they to do this they would only worsen their own position by adding the destruction of the Commonwealth to the damage already done. Great Britain, especially now, cannot afford to quarrel either with the United States or with India; and most of the Tories must know this, in their hearts, however reluctant they may be to admit it even to themselves.

Of course, the entire situation in Great Britain is seriously complicated by the action of the Soviet Union in Hungary. There is general strong disapproval of this action among Socialists as well as in other parties; but there is also a general recognition that it is impossible to do anything about it, beyond expressing disapproval and giving what help can be given by way of emergency relief and of caring for refugees. Even the United States recognises its impotence in this matter, despite the much greater strength of anti-Communism there than in Great Britain; and in addition Great Britain, itself an aggressor in Egypt, is for the time being, clearly disqualified from taking a high moral line about aggression elsewhere. This does not prevent British Socialists from feeling very strongly about the events in Hungary or from welcoming strongly the success of the Poles in asserting their right to go their own way in repudiating Stalinism; but it does mean a strengthening of anti-Soviet feeling in the ranks of British Labour, and an added difficulty in working for improved East-West relations either at the level of inter-government relations or in breaking down barriers in the way of friendly discussions between Soviet Communists and the Socialists of the West. The state of affairs brought about by the Anglo-French invasion of Egypt of course made it much easier than it would otherwise have been for the Soviet Union to occupy Hungary and suppress the Hungarian Revolution; but by seizing on this favourable conjuncture the Soviet Government has, I fear, done great harm to the prospects of a d'étente between the opposing power blocs.

Despite this harm, the advocates of a world d'étente must, I am sure, not be deterred from pursuing their objective. It is only now becoming fully manifest how disastrous the decision to re-arm West Germany was bound to be. For the one hope that appears to remain of restoring real peace to Europe lies in the agreed neutralisation of a re-united Germany debarred from constituting a renewed military threat to either East or West. Only this, I feel sure, can so alter the attitude of the Soviet leadership as to induce them to relax their control over the countries of the Soviet bloc and to accept what has come to be called 'Titolsm' as offering a sufficient assurance of security against the American-led N.A.T.O. power group. This would, of course, involve an abandonment by the Americans of their aspiration to use Western Europe as an instrument for the so-called "liberation" of the peoples now under Soviet rule; but I think the American reaction to the events in Hungary is a clear indication that the American Government — whatever may be attitude of some of the generals in the Pentagon — no longer entertains the notion of achieving this object by resort to world war. To this extent,

CHRONOLOGY

December 15th — Talks have started in Rome between the delegations of the League of Communists of Yugoslavia, headed by Petar Stambolić, and representatives of the Communist Party of Italy.

December 15th — The Plenum of the Central Council of the Yugoslav Trade Union Federation concluded its work in Beograd.

December 17th — A delegation of the League of Communists of Yugoslavia headed by Svetozar Vukmanović-Tempo left for Warsaw where it will conduct talks with the representatives of the Polish United Workers Party.

December 17th — A protocol on scientific-technical cooperation between Yugoslavia and Poland was signed in Warsaw.

December 18th — The Federal Executive Council adopted the draft Federal Budget for 1957.

December 19th — The Federal Executive Council adopted the draft Economic Plan for 1957. The decision was also taken to increase employees' salaries by 5 to 10%.

December 19th — Economic talks between the delegations of Yugoslavia and Bulgaria began in Beograd with the object of concluding a commercial agreement for 1957.

December 20th — Acting Prime Minister of the People's Republic of China, Chen Yun received members of the Yugoslav economic delegation, headed by Kiro Gligorov, which is visiting China.

December 21st — The official spokesman of the State Secretariat for Foreign Affairs declared an invitation in principle has been sent to President Tito to visit the USA.

December 22nd — By decree of the President of the Republic on the occasion of Yugoslav Army Day, members of the Yugoslav People's Army have been promoted and decorated.

December 22nd — It was announced that a Yugoslav parliamentary delegation, headed by the president of the Federal People's Assembly, Moša Pijade, will visit Great Britain in March 1957.

December 22nd — An exchange of ratification instruments of the Agreement on Economic Cooperation between Yugoslavia and Western Germany has been carried out in Beograd.

December 22nd — A delegation of Polish economists after spending 18 days in Yugoslavia, has left Beograd for Warsaw.

December 23rd — The thermal power station "Šoštanj", the largest project of this type built in Slovenia since the war, was put into operation.

December 24th — A delegation of Polish atomic experts, which is visiting Yugoslavia, saw the Nuclear Research Institute at Vinča.

December 25th — The Bulgarian Government delegation which signed a Convention on cooperation in the field of education, science and culture with the Yugoslav representatives left Beograd for Bulgaria.

December 26th — The session of the Federal People's Assembly was opened in Beograd for the purpose of discussing the Economic Plan and the Federal Budget for 1957.

the conditions for a d'étente remain relatively favourable, if the Soviet Union is prepared to meet the West halfway. But a good many people in the West have hastily concluded from the Soviet action in Hungary that this is not the case; and it will need renewed assurances of the Soviet will to achieve a settlement based on "peaceful co-existence" to remove the fears that have been aroused by the Hungarian disaster.

As for the Middle East, and for Suez in particular, the British Tories are still trying to pretend that the purpose for which the United Nations force has entered Egypt is not simply that of

bringing the fighting to an end and of reaching a settlement that will prevent its recurrence, but also that of imposing on Egypt an international control and management of the Canal. This is clearly a travesty of the United Nations decision. The U.N. force has no mandate to insist on the Canal being internationally controlled or administered: the obligation is at most only to get the Canal re-opened to traffic and to ensure that it shall be open to the vessels of all nations — including Israel, which has been for so long wrongfully debarred from using it. It is necessary to have assurances that the Canal will again serve its international purpose: but this is a very different matter from taking it out of Egypt's control or reversing Nasser's nationalisation of it and imposing an external administration in defiance of Egyptian sovereignty.

As for Israel, I think most people in this country, including most Socialists, disapprove of Ben Gurion's action in invading the Sinai peninsula, but recognise that this was done under very strong provocation from Egypt and are not disposed to react at all vehemently against the Israelis on account of it. What they now want is to prevent a recurrence of the continued frontier warfare between Israel and its Arab neighbours and to secure, if possible, from the Arabs a recognition that they must give up their hope of destroying the Israeli State in return for assurances that its expansion will be limited and that really adequate help will be given from outside from the re-settlement of the unfortunate Arab refugees, both those in the Gaza strip and those in the other Arab countries. This, to be sure, is a hard enough task, in face of the present mood of Arab nationalists in the countries chiefly concerned. It is, moreover, a matter in which Great Britain, because of its recent behaviour, has plainly disqualified itself from taking any effective part in helping towards a solution. Yet a solution must be found if the Middle East is to be prevented from becoming the area for a fresh, and immensely dangerous, phase of the cold war; for the Soviet Union cannot be expected to stand aloof from Middle Eastern affairs as long as the Western countries are attempting to build a bulwark against it in the Baghdad Pact or as long as the Western powers attempt to maintain a monopoly of Middle Eastern oil and to treat the whole area as falling within their exclusive sphere of influence.

I come back now to a general consideration of the British situation in the light of the immediate crisis brought about by the events in the Middle East and in Hungary. The plain truth is that the traditional British policy, inherited from the days of British imperialist greatness and maintained despite the manifest decline in British world power, now lies in ruins, and that, whatever Government may hold office, a quite different policy will have to be worked out and applied. The real choice now lies between a complete acceptance of Great Britain's status as a satellite of the United States and a frank adoption of what I can only call "neutrality" in world affairs. By "neutrality", in this connection, I mean not picking a quarrel with the Americans, which Great Britain simply cannot afford to do, but, while remaining on friendly terms with them, making it clear that Great Britain cannot afford to expend its scanty resources on massive preparation for a possible world war that would be utterly disastrous to the British people were it allowed to occur, and that the British intend henceforward to work actively, together with the Indians and whoever else will join with them, for a real détente and to support any action that, by removing or lessening Soviet fears, will induce the Soviet Union to take up a less imperialistic attitude towards its neighbours in Eastern Europe and to be less active in fomenting trouble for the West wherever the chance offers. Such a policy can, I feel sure, be adopted only by a Labour Government; and even for the Labour Government; and even for the Labour Party it involves a very large modification of the policies followed up to the Suez crisis — for example, an entire repudiation of West German rearmament and a speedy withdrawal from Cyprus, and also, in the non-governmental field, a real attempt to reach a friendly undertaking with the Communists of Yugoslavia and with the Nenni Socialists in Italy, and an abandonment of the intransigent anti-Communism that has hitherto robbed the existing Socialist International of all real influence as a force for Socialism. Despite the events in Hungary, I believe such a policy holds out good hopes of long-run success, because it rests on a realistic appreciation of the state of world affairs and of the limited status of Great Britain as a secondary world power that, least of all the major countries, can afford to "go it alone".

COOPERATION BETWEEN PARLIAMENTS

Vladimir SIMIĆ

VICE-PRESIDENT OF THE FEDERAL PEOPLES ASSEMBLY

THE Yugoslav public doubtless noticed that mutual visits of parliamentary delegations have increased in frequency during the past few years. Although this is nothing new, as such visits also occurred before, it was nonetheless obvious that the intensification of this form of cooperation in international relations coincided with a period of acute international tension which culminated during the so-called cold war. One gained the impression that the initiative in this direction was motivated by the wish to create more favourable conditions for mutual understanding, and the relaxation of international tension through closer acquaintance and personal contacts between the representatives of the people. As distinct from the other initiatives and objective phenomena in international events at that time, which were likewise directed towards the eventual abolishment of all "curtains" between antagonistic blocs, this initiative in the long run counted with the indirect influence thus exerted on the respective governments as well as the direct influence on the public opinion of the countries in question. It is here that the positive aspect of mutual visits of parliamentary delegations should be sought although it is hard to say precisely how much

they actually contributed to the subsequent relaxation of international tension. It may nonetheless be affirmed that under conditions of bloc hostility, violent ideological conflict and deep international mistrust such an initiative could be channelled in an entirely opposite direction. This could have been manifested in the increasingly frequent meetings of parliamentaries belonging to the same political and ideological blocs, the closing of their ranks, thus deepening the existing contradictions by means of the very efficacious propaganda of this type. This did not happen however. On the contrary, such an initiative of the parliaments throughout the world was not in the least hampered by the existing international organizations which provide for meetings of peoples representatives within the same ideological bloc from time to time, such as the Northern Council, the Benelux, and the Council of Europe. It may be said that simultaneously with other initiatives in international events which acted in the same direction, such groupings were overshadowed by the tendencies to broader overtures in this respect.

If the exchange of parliamentary delegations is surveyed chronologically, then the tendency to foster

this exchange between parliaments of countries belonging to opposing blocs is obvious in contemporary international relations. As distinct from the direct official contacts in the UN General Assembly every year where government representatives of the member countries convene the view prevailed on the need of direct even if unofficial contacts between the representatives of parliaments or those bodies "which determine the national policies of their countries", all the more so as such meetings enabled direct contacts between the members of parliaments of various countries who have identical or kindred political and ideological orientation. It was justly expected that such contacts, free of obligations and responsibility which are logically vested in the government representatives, will yield positive results with regard to mutual acquaintance and understanding, the relaxation of international tension and the achievement of an atmosphere of confidence between peoples.

It is not in the least immodest to say that Yugoslavia and the Yugoslav parliament played a special and significant role in opening the way to such positive tendencies. Doors were first opened to all types of normal international traffic on the Yugoslav frontiers. Yugoslavia was first to begin sending and receiving parliamentary delegations to and from the areas of both political and ideological blocs. After the withdrawal of all eastern countries in 1948 this country was the only one which remained a member of the Interparliamentary Union in which she developed a lively activity precisely at that time. This was an extremely important circumstance for interparliamentary contacts as the Union provides all national groups with a platform for the exchange of their parliamentary delegations. Apart from this it also represented a forum within which, even during the most acute phase of the cold war, current international problems were freely discussed, resolutions passed and conclusions reached. At such an open international forum, the Yugoslav representatives, although isolated from their ideological base, were for years the only ones to advocate the theses and ideas of socialism and socialist democracy, while also cooperating constructively on the elaboration of all international instruments aiming at the establishment of a new international system based on the principles of the UN Charter and the norms of contemporary International Law. Parallel with the development of international relations and in accordance with the principles of a consistent policy of peace and international cooperation, the Yugoslav delegates expounded their views on active and constructive international coexistence extensively and persuasively, irrespective of differences of political and social systems. This fundamental concept of the methods of genuine international cooperation and prospects of stabilization of international relations under conditions of objective international reality and its development, was maintained consistently in the study of a whole series of international problems which were placed on the agenda of the regular annual conference of this international organization. In accordance with the principled attitudes on all problems which wholly coincided with the foreign policy pursued by our country, mistrust was gradually eliminated and propaganda manoeuvres checked, so that the conviction finally prevailed that genuine and constructive international cooperation between countries with different systems is both possible and necessary.

The influence of such international cooperation and relations in which parliamentary representatives took part is severalfold. Keen interest for so-called first-hand

acquaintance was primarily noted both within and outside the Western bloc. This resulted in the visit of a series of parliamentary delegations from these countries to Yugoslavia. Apart from this the conviction that a revision of the Interparliamentary Union statute is necessary required ever greater currency among its members. As the fundamental aims of the Organization, the ideals of peace and genuine international cooperation, are not and cannot be based on ideological unity as differences of regime and political principles were always a logical and normal manifestation of international political reality, it was necessary to adopt an objective criterion in the assessment of relations between members of the organization with different social and political systems. Consequently an objective criterion was determined in accordance with the principles of International Law which does not know of such differences. The participation of the Yugoslav national group in the work of the organization and its attitudes provided the most eloquent example of this change of concepts, and represented an important step towards the achievement of international legality. As such a turning point was reached in the fundamental conceptions of one of the antagonistic blocs and elsewhere this could not remain without influence on the other side. All countries of the Eastern bloc which belonged to the Union before 1948 returned to the organization during the course of 1955. The national group of Albania which was not previously a member also acceded to the Union. This is not all however. The supreme Soviet of the USSR formed its national group, and for the first time since the establishment of the Organization (in 1889) submitted its application and was admitted. This called forth an exchange of parliamentary delegations between East and West. Apart from this, the Supreme Soviet of the USSR adapted a resolution which was sent out to all parliaments of the world appealing for an increase of parliamentary exchange throughout the world as the road of direct personal contacts between political leaders and their acquaintance serves the cause of peace and facilitates international cooperation. At the same time the Supreme Soviet invited all parliaments to send delegations to the Soviet Union.

Such was the course of talks and relations between the representative bodies of various countries during the past few years. It also provides the explanation for the very lively exchange of parliamentary delegations which is a characteristic feature of present day international relations. Although this phenomenon is doubtless due to the influence of many objective and subjective factors the positive role of the Interparliamentary Union cannot be ignored however, nor the direct influence of Yugoslavia under the most difficult international conditions. The further development of this form of international cooperation depends primarily on the same factors which occasioned it. It is hard to say anything definite in this respect. At any rate this phenomenon marks the initial phase of such cooperation. It seems that it should also be given a concrete substance as a form of international cooperation. Certain critical comments and proposals have already been voiced in this respect. According to the critics, these visits are just highly privileged and extremely comfortable tourist trips which is fundamentally wrong, while the proposals strive to invest these visits with a genuine concrete substance. The suggestions advanced include the drawing up of agendas for such visits, discussions, and eventual proposals for the solution of specific problems of interest for the countries in question, expert participation, as well as the formulation of conventions

and agreements which would be submitted to the respective governments for the purpose of resolving certain specific problems. It is probable that these positive tendencies will be manifested in due time. However the political significance of such meetings even when devoid of a specific working programme is undeniable. This is primarily indicated by the atmosphere we mentioned and which conditioned this form of international cooperation. The direct and strong influence on public opinion should always be borne in mind in this context as it is of prime importance. Can one deny the political significance, particularly the positive attitude of public opinion, when parliamentary delegations are exchanged between the

countries belonging to ideologically antagonistic blocs? On the contrary, such contacts largely facilitate the contradictions which divide the blocs which were always a normal phenomenon in international political reality to be overcome. These visits also pave the way for international legality and the establishment of an international system based on international law whose application in international relations ignores the differences of political and social systems. Precisely for this reason, it may be expected with certainty that these meetings will acquire a concrete substance and become an important form of international cooperation.

L. ERVEN

Meeting of the North Atlantic Council

AS usually at the close of the year, the second annual meeting of the NATO at which the situation in the world and the Atlantic Pact were examined and decisions reached on certain innovations in this organization, was held in Paris from December 11 to 14. The meeting convened in order to take stock of the international situation following the recent stormy events and the experiences gained by the Atlantic community from these events.

Exceptionally keen interest prevailed for this meeting, both owing to the estrangement among the big powers belonging to the NATO at the time of the Near Eastern crisis, and the reforms announced in the field of future relations between the NATO allies which were studied and recommended by a special ministerial committee set up for this purpose. It was expected in this respect that the meeting would mark the inception of a new phase in NATO development.

The agenda also included military reports, plans and proposals, but we are primarily interested in the political side of the meeting which covers the attitude of the NATO towards some political problems and measures adopted or recommended by the NATO Council with a view to promoting the practice of political consultations among the NATO allies and the strengthening of their solidarity. Deep differences of opinion occurred of late among the NATO members causing a certain degree of estrangement and grudges, and resulting in mutual recriminations before the United Nations. Such a state of affairs in an alliance is, to say the least, unsatisfactory. This meeting of the NATO Council is characterized by its efforts to remedy such a situation.

There were problems dealt with in the discussion on which no conclusion was reached. Such a discussion was held on Germany for instance.

THE GERMAN PROBLEM

At this meeting of the Council, the German problem lost much of the priority rating assigned it at a similar session last year in whose communiqué it occupied the central position. Under the impression of the Geneva Conference at which the Western powers disagreed with the Soviet Union on the German problem, the NATO Council at that time endorsed and identified itself with the western thesis, stating that German is the basic pre condition of European security and the preservation of the peace.

At this meeting the German problem was examined under different conditions and in the light of other events. This issue

was raised by the West German and British representatives but in two distinct fashions.

The participation of West Germany in the Atlantic defence system and its expenses were discussed. The discussion was held behind closed doors, but according to information which leaked out, West Germany proved doubly disappointing to its allies, because it is far behind schedule both as regards the formation of its armed forces with which the NATO defence plans count, and its financial contribution to the expenses of the allied powers, particularly Great Britain, for the maintenance of troops stationed in West Germany. The British press was more outspoken on the subject and affirmed that West Germany is using the funds it owes Great Britain for the maintenance of troops to strengthen its competitive industrial power, while Great Britain is grappling with financial difficulties.

The different stages of the struggle to bring Germany into the NATO lasted almost six years and one of the reasons underlying these persistent endeavours which were particularly manifest on the US side, lay in the contribution of the West German military potential to the NATO forces. Therefore the slowness in realization of this long awaited contribution which is certainly not due to lack of funds or financial difficulties, has doubtless lessened the value of the German accession to the pact in the eyes of some of the Western allies. This accession gave rise to numerous international complications and aggravated some serious issues still further. However rumours are being heard of a certain reassessment of the absolute pro-Atlantic attitudes, even in those West German circles in which they constituted the "Leitmotiv" of global policy.

On his part, the West German Minister of Foreign Affairs raised the problem of German unity and urged the ending of a divided Germany which represents a major threat to the life and freedom of the European peoples. It was evident in the subsequent discussion however that these demarches were inspired by new motives this time which were closely linked with the latest international events.

Von Brentano affirmed that the division of Germany today implies an explosive situation in Central Europe and a potential trouble spot. If, he contended, disorders similar to the events in Hungary and with similar consequences were to break out in Eastern Germany, the peoples and Government of Western Germany could not refrain from intervening this involving other powers and resulting in the outbreak of a new war. In view of such prospects

West Germany is devoting all its efforts to prevent every irresponsible action in East Germany. He also appealed to the NATO powers to abstain from encouraging "any dramatic action" which could easily have fatal consequences.

The idea of the German Foreign Minister was doubtless to emphasize the dangers ensuing from the existence of a dismembered Germany and to stimulate the big powers of the Western alliance to seek an urgent solution for German reunification, which, he particularly stressed, should be brought about by peaceful means. However, in view of the fact that it is not possible to eliminate this division under the present conditions, the objective sense of his thesis points to the opposite conclusion, namely that under the circumstances that prevail, the problem of German unity, while losing nothing of its significance, is not relevant and should not be activated as every unilateral solution and efforts to achieve such a solution would, by potential implication represent a danger of a new war.

Such an aspect of the German problem under the present international conditions could have been a reason why this issue was not further elaborated in the NATO Council discussion and why all reference to the German problem was omitted from the final communique.

THE NATO AND THE NEAR EAST

The NATO Council discussed the Near Eastern situation in the light of two problems: "Soviet penetration in that area" as stated in the communique and the elimination of the effects of the recent events. The "penetration" carried out by Israel and two big NATO powers by their aggression against Egypt was not discussed for understandable, if not justified reasons. The Council strove to eliminate the adverse effects called forth by this aggression in the relations between the USA on the one side and Great Britain and France on the other in the future, by adopting measures providing for political consultation and mediation between NATO members.

Two theses conflicted in the discussion on the Near East. According to the former, which was advanced by the representative of Turkey, Near Eastern defence should be integrated into the NATO system of collective defence in one way or another. The conclusion was that a corresponding functional link should be established between the NATO and the Baghdad pact. According to the second thesis, which was indorsed by some NATO members, the Near East is located outside the NATO area and is therefore not included within the obligations assumed by the NATO members under this Treaty, so that the extension of the NATO in any way what ver would require a special procedure. The second thesis was ultimately to predominate although in a somewhat modified form. The interconnection of the NATO and Baghdad Pact as suggested by Turkey was not adopted, nor was the NATO system extended to the Near East in any other manner. In the communique this decision was expressed by the sentence that the "NATO is primarily concerned with dangers threatening the security of the NATO zone" which does not include the Near Eastern area.

In fact this delimitation of competence towards the Near East is not as absolute as might be inferred from this sentence, as it is further stated that the council studied the dangers which Soviet penetration in the Near East may represent for the NATO in view of the fact that security, stability and prosperity in this area are indispensable for the preservation of world peace". The Council therefore decided to follow all developments in this area closely and carefully. In other words, the NATO does not assume any obligation which might involve it in the Near East, but reserves the right to change its mind, in case it finds that the situation there constitutes a threat to world peace. Therefore if the Middle Eastern area is not included within the NATO, it is nonetheless included within the Atlantic sphere of political interest.

Such a formula on the role of the Near East in NATO policy conceals the tendency of the NATO members to retain a free hand in their Near Eastern policy. Although not particularly interesting or satisfactory for Turkey which evidently desires the establishment of closer ties between the two organizations to which it belongs, this formula doubtless satisfies the interests of the other members, either because they do not assume any obligations towards this area which invariably represented a source of international complications, or because the possibility of NATO supervision especially in view of its future system of preliminary political consultations has been eliminated. However the formula does not preclude every possibility of raising the Near Eastern problem within the NATO if necessary. The attitude of the NATO as a whole towards the Near East is conditioned by the Soviet policy in that area, this being the general principle and decisive factor underlying the activities of this organization in all other spheres of world policy.

As for the Near Eastern problems, aggravated by the recent events, the Atlantic Council expressed its support of the resolutions by the Security Council and the General Assembly and emphasised the urgent need of a lasting solution of the Arab-Israeli dispute.

MEASURES FOR REINFORCEMENT OF ATLANTIC SOLIDARITY

The fundamental problem deliberated by the NATO at this session referred to the necessary measures to prevent the further weakening of political cohesion among NATO members and restore mutual confidence. This problem was particularly studied by the "Three Minister Committee" formed at the previous meeting of the council in May 1956 which was entrusted with the task of preparing a proposal on the expansion of Atlantic cooperation to "non-military" problems. The original idea was to compensate for the reduction of military activity called forth by the relaxation of world tension by increased political activity which would preserve the NATO as an active and relevant international organization. Certain phenomena which appeared parallel with the decline of military interest in the pact, however, converted this idea into the concrete need to devise measures which will check the disintegration of Atlantic solidarity. The crisis of confidence, accord and unanimity in this alliance was due to various reasons and climaxed in differences of opinion between the three big powers on Middle Eastern policy and the numerous implications which ensued therefrom. Therefore the report of the three foreign ministers was the main subject of discussion and far more relevant than initially expected.

The Council adopted the measures proposed by the report which relate to: a) the broadening of political consultations, b) settlement of mutual disputes between the allies, c) organizational changes.

BROADENING OF POLITICAL CONSULTATIONS

Political consultations, as a measure for the promotion of solidarity among the NATO members represent a new practice according to which the NATO council would discuss not only the general problems relating to the NATO as a whole but also concrete individual political problems of interest for one or several members prior to taking any action on the score. The action of Great Britain and France in Egypt was taken as an example of the advantages afforded by such consultations.

The council adopted only a principled attitude on the subject, recognizing the need and benefits of such consultations. As stated in the communique the ministers have "learned a lesson From the differences of opinion which formerly divided the policies of the members countries"; this lesson "confirmed that it is ne-

¹ See article "Twilight of NATO"

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cessary for all allies to promote the practice of consultations also in the domain of political cooperation". They adopted the suggestions contained in the "three minister" report on the subject. However as the Council only adopted a resolution on the subject no further progress was made in this respect. At its regular sessions the Permanent Council should study the ways in which the proposals of the three Foreign Ministers could be applied more closely, while the Secretary General will regularly submit new proposals relating to the consultations.

As a new form of NATO activities, political consultations are interpreted as a measure aiming at the promotion of solidarity and the achievement of greater accord among the Atlantic allies while actually providing for certain limitations in the freedom of political action of the big powers belonging to this pact. As shown by experience big power interests were usually the first to clash, and it was their actions which led to internal conflicts within the pact. In view of the circumstances under which the discussion was held, the introduction of political consultations acquired the character of Atlantic censorship over the big power policy. Therefore the three big powers adopted a somewhat reserved attitude, although none of them offered any resolute opposition in view of the popularity of this measure. This opposition was most openly displayed by the USA, as Dulles stated that his Government cannot assume the obligation of consulting the NATO in its policy in every case. Attacked by the Western press for this statement, Dulles qualified it at a subsequent press conference, explaining that he had only cases in mind when urgent action which would not tolerate the delay involved by preliminary consultation was required. With or without this explanation, the US reservation, applies generally to all members and in fact provides a convenient loophole for the old policies of "fait accompli" and unilateral appraisals of political interests.

Owing to the different attitudes in the assessment of the advantages and mandatory character of these political consultations, the NATO could do nothing but to approve this measure in principle as beneficial and positive, provided the scope and methods of its implementation be determined later on. Therefore the significance of political consultations will depend on the subsequent development of events and relations within the pact.

PEACEFUL SETTLEMENT OF MUTUAL DISPUTES

The NATO adopted a more clear cut and resolute attitude on this subject than on the problem of political consultations. In a special resolution on the peaceful settlement of disputes, the Atlantic Council decided that every dispute which cannot be settled directly between the parties concerned will be subjected to a good offices procedure within the NATO before the governments of the countries concerned apply to any other international organization. Legal and special economic disputes constitute the only exception within the framework of the individual economic organizations. All governments as well as the Secretary General are invested both with the right and duty to refer all problems which could threaten the solidarity or efficacy of the alliance to the Council. In this connection the Secretary General was invested with broad powers of initiative both within the NATO and by the individual governments.

The real sense of the resolution will depend on its application in practice. Essentially it implies a certain form of compulsory mediation of the NATO in disputes of its member countries. The obligation, laid down by the resolution provides exclusively for the submitting of the dispute before the organisation prior to taking recourse to any means for its solution, but does not state anywhere that the results of mediation are binding for the parties concerned.

The Cyprus problem which had an extremely adverse effect on the allied relations between Great Britain and Turkey on the one hand, and Greece on the other, was doubtless taken as a case

in point whose recurrence should be averted. In voting for this resolution however, the Greek representative expressed the reservation of his Government that the resolution cannot apply to those cases which have already been referred to the United Nations.

The former Belgian Foreign Minister Paul Henri Spaak was appointed successor to Lord Ismay who resigned as NATO Secretary General. The nomination of Spaak is far from being a mere change of staff, especially in view of the political authority and powers vested in the Secretary General under the decisions adopted at this year's session. The appointment of Spaak is closely connected with a significant change in the function of the Secretary General. According to an expression used in the press, this measure consists in "defunctionalizing" the Secretary General. Formerly chief of administration, the Secretary General is now an exponent of NATO policy. The Secretary General is also Chairman of the Permanent Council consisting of the diplomatic representatives of the member states, and exercises the right of initiative, mediation and inquiry. He is vested with powers which can exert a strong influence on the course of Atlantic policy, especially when the latter is vacillating, or when it is not based on the identical views of its members. According to the resolutions brought by the Council at its recent session, the Secretary General should foster Atlantic solidarity and implement measures he may deem expedient for the promotion of this solidarity.

Spaak is one of those West European statesmen who are considered the exponents of the policy of European integration within the framework of the so-called Little Europe. He actively endorsed all movements or organizations created or conceived in this basis, beginning from the European Defence Community, the Coal Community, to EURATOM and the Free European Market. In an interview immediately following his appointment, Mr. Spaak stated that the latter should not be interpreted as a decline of his interest in the fulfillment of his European ideas, but on the contrary as an acquisition of yet another important position for the continued efforts on its fulfillment. Does this mean that Spaak's nomination reflects the strengthening of West European positions in the Atlantic pact, and specially the prevalence of the idea of West European integration? In view of the dynamic personality of the new Secretary General we are convinced that the real meaning of his appointment to the helm of the NATO political organization will soon be more clearly discernible.

S. PETAKOVIĆ

POLAND OF ROAD OF TRANSFORMATION

THE most important result of the Eighth Plenum of the Central Committee of the Polish United Workers Party was, no doubt, the programme which laid down the fundamental directions of Poland's future development: democratization of the country's entire life and broad and direct participation of the working people in the state government. Deciding upon these matters, the Plenum delivered a decisive blow to the bureaucratic system and to the Stalinist elements, thus creating conditions for the reintroduction of Lenin's principles in the life of the Party and the state, as well as for the influence of the masses on the country's politics.

Pursuing this new policy, the Polish leaders, headed by Gomulka, have taken big steps forward in regulating Polish-Soviet relations to which they attach great importance. In this relation two significant events have taken place in the last two months: the publishing of the Moscow declaration on the solving of economic and some

political problems between the countries, and the signing of the agreement on the status of Soviet troops in Poland.

The most important economic matters between the two countries were solved in Moscow. All the burdens imposed on the Polish economy of the time when Poland was in an inferior position in relation to the Soviet Union were lifted, and all economic dealings by the two countries from 1945 to 1954 reviewed. It is not yet clear how great a sum will be established after the computation of Poland's debts to and claims from the Soviet Union, but even so, it can be expected that the Polish foreign balance of payments will be substantially improved. Furthermore, Poland negotiated a long term credit with the Soviet Union, which is to be used during her second five year plan.

The Warsaw agreement which regulates the question of the temporary stationing of Soviet troops in Poland represents an elaboration of the Soviet-Polish declaration of November 18. This agreement is a step forward in the efforts to eliminate what was wrong and unsound in Soviet-Polish relations. The Soviet troops cannot interfere in the internal affairs of Poland; their strength and distribution is the concern of both countries; and their movements outside fixed bases must be approved by the Polish Government.

For Poland the stationing of Soviet troops on her territory is of particular importance, because they represent a guarantee of the integrity of the Oder-Neisse frontier line, since no peace treaty sanctioning this frontier has been concluded.

The above agreements are of great economic and political significance for Poland. The concurrence between words and deeds which was non-existent in Polish-Soviet relations earlier is now their fundamental characteristic.

The Eighth Plenum of the United Workers Party determined the road which Poland is to follow in developing her socialist society. When the bureaucratic chains, which were retarding Poland's economic development, were broken, the Party and the working class had to decide what direction they should take, what forms should be chosen in developing socialist democracy, what should be done to enable the working people to take part in the management of the country's economic affairs. In seeking a suitable solution, the idea of workers' self-government was accepted.

In a public discussion about workers' management of factories, which attracted broad sections of the working class, two different views were being presented. Some people thought that the Workers' Councils should not manage enterprises but only cooperate in management, which in practice would mean that the working people would have no say in the running of economic establishments. Other were of the opinion that there was no sense in forming Workers' Councils before a new economic system has been established in Poland. This view, too, had many weaknesses, because a long time will have to elapse before a new economic system is built up, so that for all that time the workers would have no chance to influence the management of economic affairs in this important period of socialist development.

On November 18, however, the Polish Parliament passed a law on workers' management of enterprises. True, the final organizations forms and duties of the councils have not been determined yet, but the very fact that the idea of workers' self-government has been le-

gally sanctioned shows that the Workers' Councils will soon become the fundamental factor of socialist democracy in Poland.

With the aim of regulating the political conditions in the country, the Government decided that general parliamentary elections should be held on January 20, 1957. Now, the Polish United Workers' Party, in order to rally all the forces which accept the socialist programme of development, will participate in the elections in alliance with the Democratic Party, the United Peasants' Party, the trade unions, the Peasants' Self-Assistance, the Catholic groups, and the women's and youth organizations. This cooperation is a specific trait of Poland's road to socialism.

An important task for the United Workers' Party now is to participate in the election campaign as a politically and ideologically united group, rallying to its ranks all the progressive elements. Thanks to the October victory in Poland, it now has a good chance of winning a majority of votes and of securing a position which will enable it to go on with the charted transformation of the country.

The interest now displayed by the masses in the elections is clearly shown by the fact that about 60,000 candidates have so far been proposed at various meetings although the Parliament has only 459 seats. The independents, i. e. people without any party affiliations and the Catholics are more numerous among the candidates than at any previous elections. Although they, like the candidates of the United Peasants' Party, the Democratic Party and of other organizations, are on the list of the Front of National Unity, they belong to different parties — all of which stand for the development of a socialist society.

Although the new policy, proclaimed at the Plenum of the United Workers' Party, is supported by the masses, it has been shown that the opponents of socialism will certainly take advantage of the new freedoms and try to undermine the process of democratization and turn it into a different direction.

The Poznan events speeded up the polarization of forces in the Party. On the one hand, there were the democratic elements, who held that the Poznan events were caused by the errors of the Party and the Government, and on the other, there were the Stalinists, who maintained that the Poznan revolt was the work of foreign agencies, without grasping that a new spirit had spread both in the international labour movement and in Poland.

Later the Eighth Plenum further sharpened the question of the conservative, Stalinist elements. Having, in their majority, been relieved of their posts, they now find themselves in the opposition trying by all manner of means to continue their struggle against the new leaders. In this, they joined representatives of the overthrown bourgeoisie, who would like to create chaos, paralyze the government and so make it difficult for the new leaders to consolidate the economic and political conditions in the country. This campaign is a continuation, under new conditions, of the struggle between the conservative and progressive elements in the Party. The campaigns of both the Stalinists and of the reactionary forces, although their final aims differ, are in essence now directed against the Party and its reputation among the masses.

There is no doubt that the process of implementing the new policy is much more important than the resistance offered by enemy elements, although this resistance may somewhat retard the democratization of the country's life.

Fortnight in the world

Mission of the Indian Premier

THE international public attached much significance to the political talks recently held on the Gettysburg farm in the Pennsylvania hills. It did so not only because the partners in the talks were such outstanding statesmen as Premier Nehru and President Eisenhower but also because the countries they represent are factors of major significance in the present world constellation. India, a political and moral power of the first order, a representative and synonym of the world free of bloc barriers. The USA, a military and economic power of the first order, the leader and backbone of the great Western bloc group. The Nehru-Eisenhower meeting should therefore, regardless of the time and circumstances in which it was held, constitute a big date in political chronology. But this time exceptional circumstances in international relations (aggression in the Near East and the situation in Hungary) gave special significance to the leaders of India and the USA.

"The cold friendship" with which the USA treated Nehru's visit seven years ago, later received all the characteristics of "restrained hostility". The reasons were evident. The USA was forcing its strategic concept in Asia — India sharply condemned the Manila Pact and supported the efforts for the affirmation of an independent policy of Asian countries; the USA injected artificial blood to the regime on Formosa — India advocated the recognition of the legitimate rights of the Chinese people; the USA does not abandon the bloc attitude towards the East — India insisted on the rise of confidence between the East and West. In all the spheres of conflict of an active independent policy on one side and an active bloc policy on the other, the Indian and American concepts collided so that at one moment Dulles qualified the New Delhi policy as immoral.

It was, simultaneously the culmination of a definite phase in American-Indian relations. Today we are already detecting the contours of a new phase which promises to be marked by an increase of mutual confidence and understanding. Political pedants, looking for its origins, will perhaps hesitate whether to start from the date which marks the beginning of the Egyptian campaign, but the realistic analysis of

Indian-American relations will show that the common attitude and similarity of views of the two countries in the condemnation or aggression were of greatest significance for the establishment of a rather cordial contact between New Delhi and Washington (finally, it is not an accident that Nehru's visit, planned in the Spring, was not realized until December).

Apart from not quite insignificant external marks of cordiality with which the USA welcomed Nehru, so frequently described as a "Soviet agent", it may be said without fear of exaggeration that the twenty-hour talk between Nehru and Eisenhower inaugurated a new spirit of understanding and respect for the attitudes in the India-USA relations. Big, direct results did not follow: besides, they were not expected by those who are acquainted even slightly with the complex political arithmetic of Indian-American relations. A broad exchange of views was carried out without bringing the views closer to each other, but then it made the attitudes of both sides more understandable and thus objectively received the significance of a positive step forward.

Attitude to China: the USA remains by its thesis that the time is not yet ripe for a decisive turning-point in the policy towards Peking; Nehru stressed the positive contribution which China's admission to the UNO would have for world peace.

Middle East: both Eisenhower and Nehru seem to have agreed, in regard to this explosive terrain, that it is necessary to insist on the status-quo and that the United Nations are called upon to participate in the settlement of questions connected with the Suez Canal, while the USA could act in the direction of mitigating British-French extreme stands and India in the direction of strengthening Nasser's good will.

Hungary: the basic agreement of the statesmen on the indispensability of the withdrawal of Soviet troops is supplemented by Nehru's thesis that the tragic events in that country should not be used for propaganda, nor for the aggravation of international relations.

Military Alliances: Eisenhower set forth the American view that military alliances are a means for realizing peace and secu-

rity which Nehru too is striving for, but the Indian Premier remained by his concept that military groups are not only incompatible with the actual efforts for ensuring peace to the world, but also a potential source of danger and harmful tendencies.

Disarmament: The Indian Premier endeavoured to convince Eisenhower that even the gradual initial measures of disarmament would be extraordinarily significant, and on this occasion he had the opportunity of discovering certain positive novelties in the American approach to this problem.

Neutrality: Eisenhower assured Nehru that he understands the motives and reasons for the Indian refusal to join blocs so that this shows an evolution from the Dulles definition, while the Indian Premier pointed to the actual significance of an active independent policy which is not neutral in the classical sense.

Colonialism: the USA is by tradition an anti-colonial country; the USA attitude to aggression in the Near East has shown that it is against the use of colonial methods, but its military bases in the Pacific, among other things, and the general, direct or indirect, support to the Western countries favours colonialism.

The views were set against each other and drawn closer but they were not changed. The two statesmen of two big nations and influence will make use of the experiences gained in Gettysburg in defining their future attitudes to concrete questions. Only the future will show the value and the actual reach of their personal contact.

Meanwhile Nehru, the tireless traveller and intermediary, had a meeting at Chequers with Prime Minister Eden for an informal talk on a complex of similar questions and doubtless also on the not so rosy future of the Commonwealth. If the meeting at Chequers might have had the character of a not particularly cordial "family talk", during which Eden probably did not feel entirely at his ease, the little intermezzo in Dusseldorf, which led to the Nehru-Adenauer meeting, marked the tendency of the old Chancellor to render German policy more active in the light of the latest "disloyal" action of the French and British Governments who launched the attack on Suez on their own initiative) and nearer to Asia. At home, Nehru will conduct the final phase of talks with Chou En Lai, which after this American-European tour of the Indian Premier are gaining in significance.

Meeting in New Delhi

WHAT specially characterizes the Ninth session of the General Conference of UNESCO held in New Delhi, is the adoption of three great projects, as they are termed: first, the study of the arid zones, second, the formation of the teachers personnel in Latin America with a view to promoting education, third, the project of the mutual estimation of cultural values of the East and West. The realization of these projects has been planned over a longer period of time. Without minimizing the significance of the first two, special attention is due to the third project — which will constitute one of the most important activities of UNESCO for the next ten years — not only with a view to providing for

THE NEW YORK TIMES: "Nehru is one of the great figures of our time — and this is a time of giants. Nobody can separate him from India by a single inch — from that country for which he helped to win freedom and to remain free. But this is a man with whom we can talk, whom we can welcome and greet on our shores without any reservations".

the mutual acquaintance with the cultural values in the East and West, but also because this may contribute to acquaintance and rapprochement of the nations generally through the removal of those negative manifestations occurring when cultural values of individual peoples were appraised — especially those who until recently were in an unequal or subordinated position in relation to other nations.

The UNESCO budget has been increased at this session by one million dollars, although some delegations opposed this measure. It turned out during the session that most of their arguments were unfounded.

Although the work programme of UNESCO, especially that which was adopted at this conference, is rich enough and very diverse, it would be inadequate to stress this alone in appraising the role and significance of this organization, especially as UNESCO has already won a considerable moral reputation in the world and succeeded in rallying around it the progressive intellectual forces of contemporary mankind. Precisely for this reason UNESCO can contribute, if not to the settlement of many problems with which the world and human thought are confronted today, then, certainly to the correct approach of these problems. And this at any rate is a substantial contribution.

When we appraise the past work of UNESCO positively and especially the results of its ninth general conference, this does not mean we consider that all the shortcomings which found expression in the past activities have been eliminated. But efforts in that direction are being made. The constructive endeavours of many countries for the advancement of this organization's activity are being felt more and more and the concept that no exclusiveness and monopoly can find a place in the life and work of the organization is winning. The fact that UNESCO, with the admission of Tunisia and Morocco to the Ninth General Conference, now embraces 30 member-states, undoubtedly influenced this conception. Although the principle of universality has been almost fully implemented, it is to be regretted that the People's Republic of China has not been admitted and represented on this occasion as the legitimate representative of the Chinese people. All the more so as it is difficult to imagine the realization of the third big project — the mutual estimation of the cultural values in the East and West — without the People's Republic of China, a country to which mankind is a great debtor in view of its old and rich culture.

The Ninth General Conference began work at the time of the armed aggression of Great Britain, France and Israel on Egypt and events which took place in Hungary. It is natural that these events should be reflected in the work of the conference. Two tendencies were expressed. A number of delegations considered that the UNESCO, not being a political organization, should not take an attitude towards these events while other delegations took the opposite view. However, it turned out that the UNESCO conference did not form an opinion about the character of these events. It is true that the UNESCO is not an organization which should and can solve political problems. However, since we know that politics pervades the entire life and every human activity and this applies particularly to the question of the preservation of peace in the world, — then the UNESCO which can exist and work efficaciously only under conditions of peace — should not

have been indifferent when peace was threatened.

A resolution was passed at the conference in connection with the events in Egypt and Hungary, authorizing the Director General to consult with the Governments of Hungary and Egypt and extend assistance to these countries amounting to 200,000 dollars for the reconstruction of schools and aid to school children.

Although the General Conference was held under such conditions, all the delegates clearly showed a wish for the closest possible cooperation in all fields of UNESCO activity and it might be said that the conception regarding the need for such cooperation has fully triumphed.

The Yugoslav delegation endeavoured to give a concrete contribution to the work of the conference. Besides a series of suggestions and proposals it moved several resolutions some of them jointly with other countries.

The idea that the Ninth General Conference should be held in India was fully justified. In addition to a warm reception and attention shown by the Government and people of India, excellent organization of both the Conference and a series of cultural manifestations, an opportunity was given to the participants to get acquainted, at least superficially with the rich cultural past of this great country and with its efforts, and successes, as well as with the difficulties with which India, just as the other countries in that part of the world, has to contend. This will certainly contribute to the strengthening of the idea for efficacious aid (financial, technical and other) to underdeveloped countries.

Krsto BULAJIĆ

Japan's new prospects

JAPAN has been torn for years between the contradictions of a triangle of big power politics in the Far East. Washington, Moscow and China — that is, the Asian mainland — influenced that country continually. The postwar Japan was closely linked with America, especially at the time of the Korean crisis. Washington looked upon Japan as a basic support of its entire Far-Eastern policy and strategic structure, and was therefore very jealous and sensitive to any free and independent action by Japan. Besides, the economic blockade of China made Japan unusually dependent on America economically.

However, the basic economic interests of Japan oriented themselves towards the traditional ways and markets — towards China and the Asian mainland. In order to "emancipate" itself in that direction, despite difficulties connected with such a decision, Tokyo was obliged above all to take advantage of the relaxation of tension, to create a certain "ground for manoeuvring" of its foreign policy, without spilling its existing connections and friendships, especially with the USA. Hence, three questions came to the fore: relations with the USSR, and also with China; relations with Asia and entry into the United Nations, which was again, closely connected with the first question.

Now these questions have been disentangled at least partially — thanks to the pa-

tient efforts of Japanese statesmen and diplomats who found the objective development of the situation, especially the appeasement in the Far East very favourable for their policy. After very long negotiations based on the "Adenauer formula" the disputed questions with the Soviet Union were solved — delicate territorial questions were set aside, while normal diplomatic relations were established with that country. From the Japanese standpoint this was of enormous significance and in several ways; the path was paved for the admission of Japan to the United Nations, as the danger of the Soviet veto had been removed while the Chinese prospects are also clearing up at the same time. Simultaneously Japan is increasingly seeking a common language with Asia by way of Bandung where it participated, although very quietly and modestly, as without this it cannot live long either politically or economically. Thus, actually, the admission to the United Nations crowned the long and very realistic efforts of Japa-

DIPLOMATIC CHRONICLE

- 14 XII — President Tito receives the Letters of Credence from the new Bulgarian Ambassador in Yugoslavia Miša Nikolov.
- 17 XII — The Yugoslav Ambassador in Sofia Mita Milićević before returning to Yugoslavia paid a farewell call to the President of the Presidium of the National Sobranje Georgije Damjanov.
- 19 XII — The Yugoslav Ambassador in London, Ivo Vejvoda called on the Leader of the House of Commons Mr. R. A. Butler.
- 22 XII — The Yugoslav Ambassador in Paris, Aleš Bebler has also been appointed Yugoslav Minister in Tunisia.
- 22 XII — The Yugoslav Ambassador in Cairo, Josip Džerdža has left for Libya where he will present, his letters of credence to King Idris I.
- 23 XII — A gala reception was given in the Italian Embassy in Beograd in connection with the opening of an exhibition of Italian Art in Beograd.

nese diplomacy, which are probably opening new horizons for the country of the Rising Sun.

Hence the newly elected Japanese Premier Ishibashi could well say, with true realism, that the first concern of the new Japanese Government will be to ensure an independent and sovereign foreign policy. This is a statement which the Japanese will undoubtedly receive with satisfaction. It may be presumed, on the basis of past experience, that this will be a cautiously balanced policy within the Washington—Moscow—Peking triangle, which Tokyo must constantly bear in mind — a policy which will nonetheless turn to account all those contradictions which such a situation produces, in order to draw maximum benefits from this situation and, while preserving the old friendships, nurture the new which can only be useful to Japan.

As pacification is a prerequisite for such a policy it may be supposed that the Japanese foreign policy under Ishibashi's leadership will be an element of peace and stabilization of conditions in the Far East, and in Asia.

Some Aspects of the Economic Plan for 1957

Avdo HUMO

STATE SECRETARY FOR FINANCE



Certain positive economic phenomena which appeared during the course of 1956 and the material relations ensuing therefrom have created such conditions in the existing economic basis that the 1957 plan could stipulate as a genuine possibility for the continuance of the positive tendencies of Yugoslav economic development as well as the elimination of some negative phenomena which were particularly manifest in 1956.

The positive phenomena characteristic for Yugoslav economic development in 1956 could be summed up as follows:

First, greater economic stability was achieved in 1956, devoid of all the fluctuating price tendencies (with the exception of some food products such as fruit, vegetables etc.) and disparities in market relations which would exert an inflationary pressure on the economy. Prices were much quieter, particularly in the industrial goods sector. The price index numbers rose by 4—5% against 11% in 1955. Several factors influenced such a market situation; primarily the increase of commodity funds called by the rise of industrial production, higher imports, and somewhat larger purchase funds. The volume of investments was reduced by about 30 billion, namely 7% by comparison with 1955, so that investments no longer threatened to upset the balance in economy, which inevitably had a favourable effect on market stability. However the reduced investment activity resulted in a decline of employment levels in that sector and, along with the relatively lower earnings in agriculture caused by the drought, was one of the main reasons underlying the very small increase (1%) of purchasing power compared to 1955.

Second, industrial production increased by about 10% thus raising its total volume by 60% as compared to 1952. A similar upward tendency was also registered in the other sectors of the economy, with the exception of agriculture where output dropped by 12%. Such a development of production enabled exports to be increased by 20 billion dinars while creating favourable conditions for the increase of imports. More raw materials and producer goods were imported which had a favourable effect on production and employment in industry; increased exports were reflected in larger imports of finished individual consumer goods.

Although the policy of stabilization yielded favourable results having created the necessary conditions for more normal internal ratios in economy, the smaller market supply of domestic farm produce caused by this years unsatisfactory yield, particularly in crop farming, horticultural viticultural and home processing sectors, resulted in a 2.5% decline of expenditure per capita as compared to 1955. This reduction primarily affected real expenditure of workers and office employees, particularly in the larger cities and industrial centres.

The above mentioned positive factors resulted in greater economic stability during 1956. These factors were called forth by a series of measures undertaken in production and distribution and which prevented the occurrence of any major disproportions in market supply and demand. These measures did not ensue from the changes effected in structural material movements, and far reaching changes in the distribution of national income, or a change of economic policy or system, but were called forth on the previously inherited basis on which our economic system developed and within which these measures influenced its stabilization. No resolute about turn was made as regards the policy of a freer movement of market prices, the distribution of consumer funds, investments structure which would change the previous mode of investments in favour of the production of individual consumer goods, the promotion of the standard of living and a larger share

of the working collective and commune in the distribution of the surplus value earned. All these problems require a more resolute approach and cannot be resolved overnight, but it is nonetheless a fact that the existing market relations require both structural changes as well as an appropriate apparatus in the economic system which would open the way for a more rapid rise of production, greater profitability and labour productivity, the improvement of the standard of living of the working people and the consolidation of the communal system.

Does the 1957 Plan provide a solution of these problems?

It does not, but the policy contemplated by ensuring greater economic stability prepares the ground for an approach to the solution of these problems thus enabling a more radical reorientation of economic policy in the coming year.

The dominant features of economic development in 1957 would be as follows: a sustained growth of production, both as a result of the coming into operation of new capacities as well as a more rational utilization of the capacities, available. The sizeable increase of consumer goods output should also be mentioned in this context. Heaviest stress however remains on the increase of industrial production.

The gradual and moderate change of investment structure which was initiated in 1956 is to continue in 1957. Investments in agriculture, transport, housing and public construction, as well as the reconstruction and reconditioning of industrial projects have also been somewhat augmented.

The upward trend of exports continues thus enabling increased imports of raw materials and consumer goods. Industrial goods will account for the largest share of exports, while deliveries of agricultural products will be slightly reduced.

Greater funds will be earmarked for stocks and reserves in economy with a view to creating the necessary conditions for the accomplishment of the foregoing objectives, the continuance of market stabilization and the promotion of the standard of living.

Expenditure in other sectors was retained on the level of the extant requirements. If compared with the previous years this expenditure does not rise either proportionally or absolutely; however if contemplated from a different standpoint, namely in the light of a different distribution, its fate would be determined by other criteria.

Increased personal expenditure and higher standard of living, primarily of workers and office employees, represents the fundamental problem of production and distribution foreseen in 1957.

If matters are contemplated in the light of the above mentioned facts, further economic development under the terms of the plan would be as follows:

The gross national product expressed in 1956 prices will rise to 109.8 and 110.4, by comparison with 1955 and 1956 respectively. This increase of the national product will be achieved by: a 13% rise of industrial production as compared to 1956, a level of farm production somewhat in excess of 1955, and the over-all advancement of trade, transport, building and construction projects, etc.

Industrial production by end purpose yields the following picture:

	1956/55	1957/55	1957/56
Means of production	107	123	115
Raw and semi-finished goods	111	126	114
Consumer goods	107	119	111

Although marking a conspicuous increase, output of consumer goods is still inadequate to warrant any radical changes in the standard of living policy.

The most important characteristic of next years agricultural development are as follows:

A higher level of agricultural investments from credit funds, agricultural resources and amortization funds of farm organizations will total 34,300 million dinars or 20% more than the 1956 estimate.

These funds would primarily be used for the purchase of equipment, processing plants, reclamation projects etc.

More than ever before the plan created the necessary conditions for the consolidation and promotion of general farm co-operatives and socialist holdings through the system of distribution of total income which provides for the free formation of the payments fund, tax facilities, favourable conditions for the purchase of mechanization, investments in processing projects etc. In view of the measures foreseen it may reasonably be expected that the value of total farm production in 1957 will be about 12% higher than the 1956 estimate.

In view of the substantial rise of industrial production exports are expected to increase proportionately, so that the activities in many branches of industry as well as the policy of reconstruction and rationalization of enterprises were channelled in that direction. Exports of farm products will be reduced during the first half of the year at least, until the prospects for the 1957 harvest are known. The industry of export articles is confronted by serious tasks. The export targets stipulated should primarily be fulfilled by the machine building, metal, electrotechnical and ship building industries.

Increased imports of raw materials and semi-finished goods will enable a larger production of consumer goods as well as exports.

Export and other earnings are estimated to rise by 14%, while the funds allotted for imports of raw materials for production are over 16% higher. As the increase of income will exceed the growth of expenditure, (not including imports of equipment financed by foreign loans), the balance of payments deficit will be reduced by 16% in 1957, while the remaining adverse balance will be covered by credits, economic aid, and partly by reparation claims.

A marked change of investment policy in 1957 can be discerned by comparison with the previous years. The aggregate volume of public investments will remain on the 1955 level (418 billion in 1955, 417 in 1957).

The volume of investments foreseen is made possible by the broader possibilities for the utilization of foreign funds, the improved prospects of capital goods production, and the stocks accumulated in the course of 1956. This investment level planned will not cause any dislocations on the consumer goods market.

The structure of these investments in 1957 is as follows:

	1955	1956	1957
Mining and industry	49.4	43.5	37.4
Agriculture	5.6	7.3	8.4
Exploitation of water resources	—	1.1	1.4
Forestry	2.1	2.0	2.1
Building and construction	2.7	3.5	4.1
Transport	18.6	20.0	51.1
Trade and catering	4.7	4.7	4.3
The handicrafts	0.9	1.0	1.0
Economy — Total	84.0	83.1	79.7
Standard of living	16.0	16.9	20.3
Public investments Aggregate Total	100.0	100.0	100.0

This survey shows that investments in industry and mining have been reduced and those in agriculture, building and construction and the standard of living increased. This years investments in the standard of living total approximately 80 billion dinars.

As about 130 billion dinars will be invested from the depreciation funds, aggregate investments will total approximately 287 billion dinars.

The structure of investments in 1957 by individual sector is as follows:

	1955		1956		1957	
	Amount	Str.	Amount	Str.	Amount	Str.
Mining and industry	156.6	51.7	118.0	43.8	101.0	35.3
Agriculture	20.3	50.7	25.2	9.4	30.5	10.7
Exploitation of water resources	—	—	4.3	1.6	5.7	2.0
Forestry	8.1	2.7	7.0	2.6	7.7	2.7
Building and construction	5.1	1.7	7.5	2.8	9.6	3.4
Transport	31.8	10.5	28.0	10.4	37.0	13.0
Trade and catering	15.0	5.0	14.0	5.2	12.0	4.2
The crafts	2.5	0.8	2.8	1.0	2.5	0.9
Economy — Total	239.4	79.1	216.8	76.8	206.0	72.2
Index	100		86.5		86.5	
Standard of living	63.6	20.9	62.5	23.2	79.5	27.8
Index	100		98.3		125.2	
Fresh investments						
Total	303.0	100.0	269.3	100.0	285.5	100.0
Index	100		88.8		24.2	

Apart from the modified structure of aggregate investments, investments within the individual branches are likewise slated for a change. In the sector of mining and industry for instance, besides the completion of the power generating projects, larger funds have been allotted this year for the reconstruction and termination of those projects which can begin operation within the shortest possible time and yield the quickest return in terms of increased production. Such a policy called for the discontinuing of work on some capital projects and channelling the resources available towards the reconstruction of the existing factories which will also be able to use depreciation funds for this purpose. It will not be possible to achieve any spectacular results this year in view of the funds earmarked for this purpose; nonetheless the funds which will be made available for reconstruction plans will be sufficient to start a new course and stimulate economic organizations to prepare for this new form of investments. It should be mentioned in this context that priority will be assigned to the light and manufacturing industries. Within the limits of its balanced proportions this years plan aims at the creation of the necessary conditions for the improvement of the standard of living. Based on the assumption that industrial production, imports of finished goods and essential foodstuffs will increase, the plan foresees a 11% increase of individual expenditure as compared to 1956. Food funds will be about 7% higher and the industrial consumer goods fund by about 18%. Such a growth of individual expenditure funds will enable the increase of real wages and salaries of workers and employees already at the beginning of the year as a result of the increased salaries in economy, budget institutions, banks etc. The total effect of the increased salaries is estimated to reach the 36 billion dinar mark. The growth of expenditure funds in 1957 will also enable an increase of expenditure in peasant households which will depend on the level of farm production.

While stating some of the fundamental concepts of the 1957 plan, which should aim at achieving the prime objective of ensuring more stable market relations, the coordination of market prices and more logical price ratios it is necessary to stress that the economic instruments of the plan are likewise subjected to this objective. The plan does not mark a step forward in the development of the system of local self government, nor does it eliminate all the illogical and contradictory phenomena which appeared as a consequence of structural relations in material development. Conceived in given economic relations the plan should provide a further incentive to the promotion of labour productivity by means of improving the standard of living and stimulating the better remuneration of those who contribute more to society. This is only the beginning which will pave the way for the creation of a new mode of economic activity on a higher plane. This should be resolved, in addition to other problems, by the future long term plan.

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INVESTMENT POLICY IN 1957

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Investment policy is a tool, a means for the realisation of the aims of general economic policy. It is not the aim in itself. Therefore, Yugoslavia's investment policy, as determined by the Economic Plan for 1957, reflects, more deeply and consistently, the reorientation of our economic policy, whose foundations were laid down at the plenary meeting of the Socialist Alliance of the Working People near the end of 1955.

In Yugoslavia, a relatively backward country, whose social relations demand rapid economic development, we had — over a period of many years — to make extraordinary efforts in changing the distribution of the social product, so as to be able to secure increasingly greater funds for investment and to expand production as quickly as possible. In addition to these efforts to increase investments in economy, we were at the same time forced to set aside exceptionally great funds for defence in order to ensure unobstructed socialist development. For a period of many years we had to use as much as 40% of the national income for this purpose. This fact alone shows how great efforts and sacrifices we had to make.

Relying, in essence, on our own forces, we have so far achieved quite good results. Since the war our national income has kept increasing on the average by about 5.3% annually — mostly through increasing industrial production. However, the unfavourable conditions under which our economic development has been progressing have created a number of problems whose solution cannot be postponed. Viewing our economic development and the increases in consumer goods production, we cannot be satisfied at all. For, the fact is that investments so far have been made mostly to increase the production of capital goods, so that the structure of the increases in the national income has been of a uniform kind. If our economic policy should continue to aim only or mostly at increasing the production of capital goods, it would inevitably become a policy of "investments for the sake of investments".

The re-orientation of our investment policy, which began to be made in 1956, comes to a greater expression in the Economic Plan for 1957.

Sudden changes in economy are detrimental and often impracticable. The changes in our investment policy are — when viewed in perspective — very significant, and in 1956 gradual steps were taken — and will be taken in 1957, too — to harmonize investments, both in volume and in structure, with the general economic aims.

First of all, the volume of investments in 1957 is to serve the chief aim of our economic policy: to stabilize the market conditions as a prerequisite for the maintenance and raising of the living standard of our working people in accord with increases in the productivity of labour.

As planned, the gross national product in 1957 will be 110.4% and investments 102.5% as compared with 1956, which means that 20.7% of the national product will be invested as compared with 22.9% in 1956. Investments from amortization funds illustrates this even more clearly. They accounted for 17.9% of the national income in 1955 and 14.7% in 1956, and will amount to 12.8% in 1957.

Accordingly, this volume of investments can no longer cause any instability in economic relations. Experience in 1956 showed that the volume of investment did not act detrimentally on the market (and investment from domestic sources next year will be almost equal to those made in 1956). The situation in capital goods production was stable, because production on the whole satisfied consumption, although some allied enterprises of the machine building industry had some difficulties in marketing their products. (True, deliveries of certain investment goods were delayed, but the general situation was quite stable).

As far as the building industry is concerned, the new volume of investments will, on the whole, maintain the same level of employment as in 1956, when there were about 80,000 less unemployed workers than in 1955. Here, too, the proposed investments will not be a danger to the stability of relations in economy.

It is perhaps not by volume as much as the structure of investments that will help us to realize the aims of our economic policy in the future.

In the last few years, the structure of investments has been very unfavourable. Investments to improve living standard did not receive enough attention. In 1955 only 16% of the total investments or 2% of new investments were used for construction to improve living standard projects. The Economic Plan for 1957 for as much as 20.7% of the total and 27.4% of new investments to be used to improve the living standards. This is far from being sufficient, it is true, but the tendency of change itself is very significant.

As far as the structure of economic investments is concerned, the changes are much more marked. This is particularly seen if new investments are compared.

In 1955 industry absorbed 52.3% of the total new investments and 44% in 1956, while in 1957 it is to receive only 36.2% of these investments. Agriculture, on the other hand, absorbed 6.6% of new investments in 1955, and it will absorb 11.2% in 1957. Similarly, outlays on transport amounted to 10.4% of new investments in 1955, while they are to account for 12.1% in 1957.

Under this structure of investments, particularly significant are the intentions and aims.

Investments in industry will be used primarily for the expansion of fuel production (electricity, coal, oil and gas) as a basis of the entire economy; then all the other available means are to be made use of to achieve two tasks: to solve the balance of payments problem gradually, and to increase the production of goods for general consumption which are now in short supply in the home market, as well as to improve the foodstuffs supplies in the urban areas (cold storages, food industries, etc.).

So far mostly new projects were built, and very little attention was paid to the reconstruction of existing capacities, i.e. to the replacement of old machines, to the solving of the bottlenecks in industry.

Under the 1957 Economic Plan credits will be granted only for investments which correspond to the set aims (which contribute to the solving of the balance of payments problems and to the production of consumer goods) and which are profitable. Thus, for instance, it is stipulated that investments should bring returns within 18 months, and that credits must be repaid in no more than 5 years. In this, the already started projects will be treated as reconstruction work.

Although the funds set aside for reconstruction work in industry in 1957 are relatively small, and although the enterprises are not to eager too expand their capacities, this policy is quite significant, not because any great results will be achieved, but because it is the beginning of a new trend in our economy.

However, the implementation of this policy will produce some difficulties. First, the construction of some already started projects, particularly those necessitating large expenditures, will have to be prolonged or even stopped altogether for the time being. But this will be repaid by the benefits which the new investment policy will bring.

In 1957 new investments in agriculture will be 28% greater than in 1956. But, even so, investments in agriculture will be insufficient. In the future, much greater funds will have to be found in order to promote agricultural production. Next year investments in agriculture will be used mostly to repair the existing irrigation and drainage system and to continue the construction of the Danube-Tisa-Danube system of canals. Similarly, much greater funds will be spent on the mechanization of

agriculture than in 1956, so that about 5,500 new tractors will be made available to the farmers as against only 3,600 that were produced or imported in 1956. Investments, both for mechanization and for other purposes, will be made through the general social sector, state farms and cooperatives.

The investments in transport will be mostly used for the construction of ocean going and river vessels, while the funds set aside for the construction of roads and railways are quite restricted. The aim is to expand the existing fleets and rolling stock in order to be able to cope with growing transport.

In other fields of economy investments will be made in accord with the fundamental directives of economic policy.

As far as investments in improved living standard are concerned, their aim is, first of all, to expand housing construction. Housing is to be financed by the Housing Fund, which was established in 1956, and which has proved to be a successful form of collecting contributions for housing construction. In 1957 about 44 billion dinars will be spent from this Fund, which is twice as much as in 1956. It is proposed that the Housing Fund should also finance the construction of communal projects, which are closely linked with housing, as well as to help increase school space. This proposal will be considered by the communes.

In 1957 greater foreign investments credits will be used. In addition to the already secured credits, further loans will be authorized if they are to be used to further the aims of the Economic plan and if they can be obtained on favourable terms. Our economy, as all other economies with restricted accumulations but with large unexploited resources, needs foreign credit. But, foreign credits were and remain to be only additional means.

The system of social and workers' self-government covers also the management of the means of production. In 1956, investments fund were set up in districts and housing funds in municipalities. Now, we must go on decentralizing investment funds,

and retain in the competency of the central organs only one part of the funds which will make it possible to implement such an investment policy as will help solve the problems of the economy as a whole (problems which the economic enterprises and local organs cannot settle or are not interested in settling). It is necessary to improve the methods of directing investments in harmony with the country's general economic policy.

The great material resources in investment funds make it necessary for the working people to influence their use, to control their spending. Greater participation of citizens in the administration of these funds would be the best guarantee that they would be most rationally and effectively used.

The present system of granting investment credits through competing applications has so far produced good results. Now investments are decided upon after thorough studies. The work of technical organs in preparing projects and in proposing solutions has been improved. It is now essential to improve also the economic relations between the investment funds (creditors) and investor themselves, to devise measures to finance only the most useful projects, to intensify the struggle for economical spending and so on. Of particular importance will be the required improvements in preparing investment plans and in the studies of all plans before their realization is approached. For this will bring about quicker returns of invested funds.

All the fundamental prerequisites for the realization of our economic policy in 1957 exist. The reserves set aside under the 1957 plan so as to check any detrimental fluctuations in the market are one of the guarantees that the new investment policy, as an initiative step, will be realized, both in volume and in structure. More favourable development of economy may make it possible to modify and amend investment policy later on, in the course of the year, but always with the aim of reaching the chief targets of our general economic policy.

YUGOSLAV ECONOMIC RELATIONS WITH FOREIGN COUNTRIES IN 1956

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Activity in the sphere of international economic relations during 1956 was very fruitful, keeping pace with our efforts formulated in the policy of active coexistence. The forms, tempo and results of that activity depended on the existing relations on the international plane, both political and economic, and on our internal situation, above all in regard to the economic development of our country.

The improvement of international relations, which became evident in the

first three quarters of 1956, provided for a more constructive approach of the existing international problems including those of an economic nature. Yugoslavia, relatively under-developed economically, is particularly interested in the development of her economic relations with foreign countries bearing in mind that these relations should develop evenly with all countries. The corresponding forms of economic cooperation provide for a quicker development of our productive forces. As a socialist country, we are interested in contributing not only to an expansion of international economic cooperation based on our own practice and on Marxist theory, but also to establish the principles on which it is to rest whether in bilateral, regional or even world frames.

But, activity on the international economic sphere is still lagging behind the objective developments and existing possibilities. It is necessary to discover the paths leading towards economic, and not only towards political coexistence.

Starting from the view that the world market constitutes a single whole, Yugoslavia, throughout 1956 helped every action directed towards removing barriers on the world market. She con-

demned and condemns all attempts at political and economic isolation and autarchy which draws a country away from world economy and which in the end, most of all damages the country which pursues such an economic policy. Yugoslavia always emphasized that an active struggle is needed against the introduction of political elements into economic relations as they act in the direction of splitting the world market, in the direction of its division into blocs. The past year did not live up to optimistic expectations which were expressed in 1955 and early in 1956, on the question of establishing convertibility of currencies of some West European countries and removal of artificial barriers which stand in the way of expansion of economic cooperation. The past year particularly betrayed the expectations in regard to the solution of the basic question — that of the acceleration of economic development of the economically underdeveloped or inadequately developed countries whose solution would contribute to eliminating the causes of future conflicts and stabilizing international cooperation and peace in the world.

Last year also law one of strong economic activities continued from previous years. Despite certain inflationist manifestations, which are more or less the result of excessive investment activities chiefly in European industrial countries, the position of world economy as a whole did not show any signs of stagnation. But all parts of the world did not participate evenly in increasing world trade. The gulf which separates the developed and underdeveloped countries is showing a tendency to widen even more.

The world economic situation is characterized, in briefest outline, by the further expansion of economic activity, by an unevenness of that expansion (the lagging of undeveloped areas), expansion of international exchanges among the developed countries, with the relative lagging of commercial exchanges between developed

and underdeveloped countries, aggravation of struggle on the market, strengthening of agrarian-protectionist measures in the West, finding of ways towards multilateralization of international payments and gradual liberalization of commercial exchanges. The past year was also characterized by the appearance of the USSR on the international capital market.

The aggression on Egypt, as well as the tragic events in Hungary, led to a serious aggravation of the international situation, which was also reflected in economic sphere. The rise in prices of raw materials, difficulties in the supply of many important products, the alarming rise in the cost of transport services — are a direct result of the worsening of the international situation, which was also reflected in Yugoslav foreign trade towards the end of 1956, and constitutes an element which we must bear in mind in visualizing foreign trade problems in the coming year.

These are some of the major factor which conditioned Yugoslavia's participation in international economic relations last year. The industrialization of our country — following capital investment in basic means of production totalling 2,300 billion dinars by the end of 1955 — found increasing expression in the course of last year as regards the improvement of the structure of Yugoslav trade exchanges with other countries. The increase of our industrial production, compared to the prewar situation, by nearly 2.5 times, the metal industry by 4.5 times, ferrous metallurgy by 2.3 times, etc., created possibilities for the further improvement of the pattern of foreign trade. The new economic measures which found expression in the course of 1956, and which are intended to bring about an improvement of the living standard for our workers, to ensure the full engagement of industrial plants, liberalization of the home market, gradual liquidation of deficits in the payment balance — reflected favourably on Yugoslavia's economic relations with foreign countries.

The forms in which economic cooperation developed last year were as follows:

GOODS EXCHANGES

The scope and direction of movement of our trade with other countries are above all the result of economic possibilities and needs. The volume of exports in 1956 surpassed the most optimistic expectations and is a concrete proof of the extreme efforts made by Yugoslavia towards establishing the equilibrium of the payment balance sheet. The end of October last year saw the exports to a value of 75.8 billion dinars. The value of exports in 1955 amounted to 76.9 billion dinars which means that the value of exports in ten months of this year almost reached the value of total exports in 1955. The successful realization of last year's exports shows an average of the monthly exports which in ten months of last year amounted to 7.6 billion dinars, and in the period of 1955 a total of 5.8 billion dinars. The exports valued at 8.5 billion dinars, realized in November last year, even exceeded the monthly average of 1956. Judging by the rate of the realized exports in December, we may consider that exports in 1956 will be greater by about 24% than the exports in 1955. This increase of exports is, above all, the result of ever greater exports of industrial products. Whereas manufactured products in 1955 exports figured with only 15.6 billion dinars, in 1956 they amount to 21.3 billion dinars. The value of the exported machines, electric equipment products, transport vehicles and spare parts last year (ten-month period) amounted to 3.5 billion dinars, and in 1955 (the same period) only 1.2 billion dinars. The value of finished products in the same period rose from 1.4 billion to 2.5 billion.

The structure of imports in 1956 shows that the emphasis is on the import of foods. But maximum efforts were made to ensure a greater and more even import of reproduction materials for the requirements of industry. We can say that 1956 was much more favourable as regards the supply of our industry with raw materials than were the previous years. The following characteristic is the reduction of the import of equipment, in view of the reduction of the investment activity in our country in keeping with the demands of the economic policy. The value of foodstuff imports in the ten months of 1956 runs to 38.9 billion dinars while the value of food imports in the same period of 1955 amounted to only 33.8 billion dinars. But, whereas the value of the import of equipment, machines, in the ten months of 1955 ran to 28.2 billion dinars, it decreased in the same period last year to 21.6 billion dinars. The import of raw materials showed a figure of 20 billion dinars, and of fuels and lubricants 11.9 billion dinars etc.

As regards the direction of Yugoslav goods in imports and exports, we must say that, last year too, it was not only the result of the operation of economic laws, that is, it did not only depend on the favourable commercial conditions, but was also conditioned by many factors, including non-economic. The position

in the payment balance sheet, the need for the means of payment, were often of decisive significance as to where to export our goods or where to purchase those we need, no matter whether economic conditions were quite favourable at that time.

The European market is our most important economic partner. In 1956 the share of Western Europe declined to a certain extent in our goods exchanges. It would be wrong to explain this decline of the West European share only by the increase of participation of East European markets in our goods exchange. The agrarian protectionist measures, which were applied by many West European countries in the course of last year in the import of farm and food products from our country, were bound to act negatively not only on the volume of our exports to those countries but also on the volume of our purchases in those countries.

The first place in our exports, according to the position, at the end of October last year, was taken by Western Germany with 11.4 billion dinars. The second place was taken by Italy with 10.9 billion dinars, the third by USSR with nearly 9 billion dinars, the fourth by the USA with 6.8 billion dinars and the fifth by Great Britain with 4.6 billion dinars. As regards imports the USA took first place with 36.2 billion dinars, including the value of goods from economic aid and agricultural surpluses. The second place was taken by the USSR with 15.4 billion dinars, the third by Western Germany with 11 billion dinars, the fourth by Italy with 9.8 billion dinars and the fifth by Great Britain with 7.8 billion dinars.

The number of countries with which we are carrying on trade rose toward the end of last year. Whereas in 1953 we exported our goods to 51 countries, last year we extended our exports to 70 countries. The position is similar in the case of imports. In 1953 we imported goods from 41 countries, and in the course of last year from 60 countries. Nonetheless, the state of goods exchanges is not so favourable as it would seem at first sight judging by these figures. Although the expansion of trade to as large a number of countries as possible is one of the principles of our foreign trade, one should not neglect, in the practical implementation of that principle, the realistic possibilities of our foreign trade. The volume of Yugoslav exports amounting to 300 million dollars is a realistic framework in which our foreign trade operates. The question is whether it is expedient to divide such a comparatively small volume of exports among a number of countries, taking into account, at the same time, that four countries — Western Germany, the USSR, Italy and the USA, absorb one half of our exports. The distance of the markets and transport cost constitute the major element, and even the limit to which we can go in the placing of our goods. The remark that many of our exporters run after new markets while neglecting those previously won, is not unfounded. The problem is not in the perpetual seeking of new markets, but in the persistent, systematic attending to the markets which offer the most favourable conditions for placing our goods and for the purchase of required raw materials.

In this connection special attention is due to the markets of Asia, Africa and South America. We do not yet possess the final figure on the results achieved during the course of 1956, but it is certain that 1956 has not justified the hopes in regard to the increase of the goods exchanges and generally the expansion of economic cooperation with many countries of Asia, Africa and South America. The problem of penetration to these markets has proved more complex than many of our enterprises imagined and it calls for more effort and special measures than was the case at any time in the past. On these markets competition is sharpening. The Yugoslav industry has met with the competition of highly developed countries which have experience, tradition, connections, in addition to the good quality of their articles. Viewed as a whole, Yugoslavia has made certain headway, though the results are rather modest. Some markets, however, recorded a backward trend. This is valid for Brazil, Argentine, the Near East, Indonesia — and all these are markets where our industrial products can be placed and which can supply us with a considerable part of necessary raw materials. More successful was the progress made last year on the markets of India, Burma, China, Ethiopia, and Egypt. The policy of friendship which binds us with almost all of these countries is creating the necessary conditions for the expansion of our economic cooperation with those countries. It would be necessary to devote more attention to systematic work on these markets, to the removal of organizational weaknesses of our export enterprises, direct linking of our producers with the demands on these markets, study of the foreign competition with which our trade clashes on those markets, etc. The creation of the community of industrial enterprises has long been the subject of discussion, but without any remarkable results. The organizing of an informative conjunctural service, with the task of studying concretely the problems on these markets, would be of special benefit to our producers, exporters and importers. The adaptation of the

existing foreign exchange regime, which would permit more elasticity for the export and import enterprises in their concrete actions on the new markets, is an urgent need. It is absolutely necessary to ensure greater independence of these enterprises for their activity on those markets.

ECONOMIC AID AND AGRICULTURAL SURPLUSES

During the first half of 1956 we made use of imports, primarily food articles which were received under American assistance programme, that is under the American agricultural surplus programme, on the basis of an agreement concluded in January 1956. The deliveries of American agricultural surpluses for the 1956/57 economic year are regulated by a special agreement, concluded towards the end of 1956 between the Governments of Yugoslavia and the USA. Under this agreement, which contributes to the further general improvement of relations between the two countries, the US Government undertakes to deliver by the end of June 1957 goods valued at 98.3 million dollars, that is 925,000 tons of wheat, 18,500 tons of cotton, 32,000 tons of lard, 7,000 tons of edible oil and 9,000 tons of industrial tallow. About 75% of the value of these deliveries is given in the form of a long-term credit for 40 years at 4% interest, while 25% of the value is on account of the dinar fund which will be expended under a special agreement between the two Governments. A special agreement is to regulate the delivery of 140,000 tons of wheat, a quantity of cotton, to a total value of 15 million dollars. Efforts were made during the year to conclude an agreement with the US Government which would regulate the question of the import of American agricultural surpluses for several years to come, with the object of ensuring the construction of an aluminium combine and a hydroelectric power system in Yugoslavia. The construction of these projects would not only mean the solution of the deficit in the Yugoslav payment balance sheet, but would also contribute to the stronger integration of Yugoslav economy with the economy in the rest of Europe.

FINANCIAL AGREEMENTS

The question of part of the Yugoslav war and pre-war financial claims from Western Germany was regulated in 1956. The agreement of March 1956 obligates Western Germany to pay Yugoslavia, within a period of five years, a sum of 300 million DM (70 million dollars) either as direct compensation or in the form of loan without interest for a period of 99 years. This sum will be used by Yugoslavia for the purchase of equipment, reproduction and consumer goods on the German market.

In May 1956 the question of our claims from Hungary was also put in order by an agreement under which the Hungarian Government takes the obligation to pay a sum of 85 million dollars within a period of five years, and this in goods, according to an agreed-upon list.

The past year also saw the regulation of part of Yugoslav post-war commercial obligations. A conversion of these debts with England and Western Germany was agreed to these countries being our chief creditors under that heading. The dates due for our obligations have been shifted from the previous 4—5 years to 14 years. At the same time the interest rates have been reduced from 5—8% to 3%. The conversion of these debts will contribute to the easing of our obligations and difficulties in the payment balance.

Several very important investment credit agreements were also concluded in 1956; these are two agreements with the USSR in connection with the construction of various capital investment projects (nitrogen factories, super-phosphate works, thermal power stations, the "Kosovo" coal mine etc.) to a value of 110 million dollars. The date due for the credits is ten years and the interest rate 2%.

A credit has also been arranged with the USSR and Eastern Germany for a sum of 175 million dollars, with the date for repayment extending over 20 years for the purpose of building an aluminium combine at Nikšić with the necessary additional and hydroelectric power plants, the envisaged aluminium output being 50,000 tons annually.

A capital investment credit of 50 million dollars was agreed with the Czechoslovak Republic, together with a credit of 25 million dollars for consumer goods. The date due for payment of the first mentioned is ten years, and the second seven years. The interest in both cases is 2%.

An investment credit amounting to 20 million dollars was also concluded with Poland, the date for repayment being 10 years, at an interest rate of 2%. Besides this, a foreign exchange credit amounting to 30 million dollars was concluded with the USSR for

the purpose of creating the necessary financial reserves in the Yugoslav National Bank, that is, for facilitating the repayment of our obligations in third countries, as well as a raw material credit amounting to 54 million dollars which we can use for the purchase of raw materials within a period of three years, — for 18 million dollars annually.

A credit agreement for 45 million dollars was signed with Italy for the purpose of purchasing capital equipment in that country. But the Italian Government declared towards the end of 1956 that it could not put this agreement into effect.

AGREEMENTS ON SCIENTIFIC AND TECHNICAL COOPERATION

The past year saw the conclusion of agreements on scientific and technical cooperation with a number of countries in Western and Eastern Europe, in Asia and Africa. These agreements regulate the question of extending and receiving technical aid between Yugoslavia and these countries. These agreements regulate the principles of technical cooperation between enterprises in all branches of economic activity.

The characteristic of economic relations between Yugoslavia and other countries is that they develop by way of bilateral agreements. But the tendency to apply also the forms of the multilateral regulation of economic relations was increasingly expressed during the course of 1956. The liberalization treatment in the development of commercial exchanges, recognized by OEEC member-countries, which Yugoslavia is adopting more and more in her relations, provides for the application of the multilateral form of payment in the goods exchanges between Yugoslav and foreign

Continued from page 2

It may be observed that the Suez crisis to a certain extent influenced the spirit and course of US policy in the positive sense. The US immediately opposed the Franco-British aggression for their own strategic and material interests; later on it ensued that such an attitude provided them with a broader manoeuvring space for diplomatic action, — enabling them to find points of affinity with the Anglo-Asian world, and proving they had undeniable moral and political advantage to gain in the role of the resolute champion of UN ideas and methods.

The tragic sequence of events in Hungary points to the international complications likely to ensue from slavery to inertia, stubborn adherence to ideas and methods which have long since been surpassed by time and the dialectics of social development. While proving at the same time that any attempt to profit by the difficulties and disturbances in a country from the standpoint of bloc calculations would only imply the further complication of the process of progressive internal development.

When the dramatic events of this year are objectively analysed, their bitter lesson does not consist in the vindication of the thesis of bloc exclusivity, but in the confirmation of the indispensability of patient and resolute effort to create an atmosphere of international confidence, the quest of roads to negotiation, promotion of international cooperation, or to sum up briefly the implementation of the policy of peaceful coexistence is imperative.

Because let us reiterate, although coexistence is no utopia, it is not a magic formula either. It promises much, but also requires a lot, — primarily time, patience and goodwill. Coexistence logically and courageously begins with practical agreements on a small scale to reach major solutions on a long term basis. It is therefore necessary, realistic and vital.

countries. The inclusion of Yugoslavia in the so-called BEKO system, that is, limited convertible West German marks, according to an agreement of July last year, provides a concrete example of our engagement in the multilateral mechanism of payments. This is also valid, in a similar way, for the possibility of a 10% transfer in the payment transactions between Yugoslavia and individual member countries of the European Payments Union. The utilization of that 10% transfer will ease, to a certain extent, Yugoslavia's payment obligations while directing her exports towards countries which provide the most favourable commercial conditions. Our country is in principle ready to enter into economic cooperation with multilateral form of payment, which rests on the removal of qualitative restrictions in the commercial exchanges and provides for natural trends of exports and imports, that is, trends in keeping with our country's economic interests.

COOPERATION IN INTERNATIONAL ECONOMIC ORGANIZATIONS

The past year may be considered as one of the most active years as regards the engagement of Yugoslavia in international economic organizations. This applies above all to the organs, committees and commissions as well as to the special agencies of UNO, and primarily to the Economic and Social Council to which Yugoslavia has been re-elected member. In this Council Yugoslavia exerted the greatest efforts in favour of a more efficacious solution of the problem of financing underdeveloped countries. Yugoslavia's stand at the April session of the European Economic Commission as well as at the July session of the ECOSOC in Geneva, had attracted attention. Yugoslavia was one of the most active participants of the October session for the development of East-West trade in the framework of the European Economic Commission.

NEW YUGOSLAV LEGAL SYSTEM

dr Jovan ĐORĐEVIĆ

ONE of the general characteristics of the new Yugoslav state is a new legal system and its flexibility. It is usually being said that revolutions and states which come into being through revolutions have little use for law, least of all an elaborate and stable system of law. History provides many examples in favour of this view, and it can be backed up by an historical explanation. On the basis of certain facts concerning historical revolutions, including the socialist revolution various theories have been put, and are still being put forward which give priority to political opportunism over the codification of law, to the organized and unrestricted will of the ruling classes over any legal system. These theories, which in definite historical periods, acquire the form of complete „legal nihilism“, have been supported also by true revolutionary forces, and they have been considered as the only authentic legal theory, not only by the opponent but also by the supporters of revolutionary changes. However, the relationship between a revolution and a revolutionary state is not as simple as it appears. Thorough studies of concrete revolutionary changes and of the social, economic and political foundations of revolutionary states, past and present, compels us to approach and consider this question with great care, discernment and impartiality.

By its contents and forms law, as a system of rules which through the element of coercion prescribes the conduct of men and strengthens the prevailing social relationships, is a part of the social and political order in force. Consequently, it represents — by its internal nature and logic — a measure of pacification, a lever of balance and a factor of social and political „conservatism“. As a general and most adequate expression of the ruling social ideas, the ideas of the social forces which order and organize production so as to take a lion's share of the product, law never keeps pace with the changes of social relations and conceptions, and it sanctions the order which does not wholly provide for the interests of the entire society, so that it is potentially in conflict with those sections of the population which have little or nothing to gain in such an order but which can lose everything.

Law becomes conservative in nature if it sanctions and protects a social order which does not correspond

to the system of production and to the interests of the growing number of citizens who play the greatest role in creating wealth.

Owing to this, the great historical revolutions — the workers revolts of the 19th century, the French Revolution, the American Revolution, the Paris Commune, the Russian Revolution, the Yugoslav and Chinese revolutions — abolished the old law of the land. In certain revolutions the revolutionary forces themselves condemn, sharply and absolutely, the old law, which is proclaimed to be responsible for all the inequalities, exploitation and troubles of the oppressed groups and individuals under the previous regimes. This negative attitude towards the old law produces also absolute negation of law as such, particularly so if a revolution takes place in a relatively underdeveloped society, where the predominant influence is exerted by insufficiently developed peasants and small producers (petit-bourgeoisie), who, owing to their economic position and social ideas, always feel dissatisfied and so strive for unsettled conditions and even anarchy if they have been exploited earlier. Under such conditions, legal „nihilism“ becomes prevalent or is introduced into the new order which is being created. Thus, as Lenin said, constant cracks and crevices appear in the new social and legal system.

The causes for this disregard of law are not to be found only in the peasant, petit bourgeois and generally underdeveloped economic and social structure of society. They can also be found in the political and social trends of contemporary society, which is still undergoing revolutionary changes and modifications. Furthermore, technocracy, polytechnicism and bureaucratic system in general — particularly in states which are formed in revolutions — all tend to underestimate the role and significance of law. These forces, if they become dominant, in society and politics, proclaim superiority of technology over law, of politics over individual interests, centralism over decentralism and self-government. Such an ideological attitude is enveloped in a maze of conceptions, tendencies and facts, in which real and apparent elements, truth and falsehood are all mixed up. Owing to the fact that the development of law lags behind the progress of society, law in certain situations appears as an obstruc-

tion, a check to the realization of even the justified interests and demands of society. Technology and centralism have their corresponding places in the organization and functioning of contemporary society. The conditional and partial justifiability of these factors and facts is sometimes turned into a principle, and sometimes they are used as instruments not for any changing of conditions, but for bossing over men and things. In such a case, law really loses its value.

In fact, the true revolutionary forces attack and destroy the old social order in pursuit of a better life, which — on account of their position in production and society — they can realize, are never against their own law or against the organizing of the foundations and institutions of their social order. In the very course of the great French Revolution, constitutional and other laws were either codified or in preparation for codification, so that it was quite easy for Napoleon to enact the famous criminal and civil codes of bourgeois rule. Lenin, too, drew up the constitutional law in 1918, when the Soviet Republic was only being created. Lenin initiated and encouraged the enactment of the first great codes of the Soviet law, particularly in the fields of civil and criminal matters and in the spheres of the state organization and government.

The same can also be said for the Yugoslav socialist revolution and for Yugoslavia as a new state. In the course of the Liberation War itself, when the revolutionary consciousness of the awakened people strengthened by the firm organizations, ideology and morale of the liberation movement, was and had to be the basic principle to be followed in changing the old relations and institutions, law as a system of objective rules, which gave form, firmness and general character to this consciousness, began to be framed and developed together with the consolidation and establishing of the people's government. Even before the first Federal Constitution was adopted in 1956, particularly in the period from the transfer of AVNOJ (the Anti-fascist Council of the National Liberation of Yugoslavia) to Belgrade to the beginning of 1946, a number of new laws regulated a series of questions concerning the state order and economic life, (agrarian reform, law courts, counter-revolutionary crimes, press, associations, meetings, contracts, etc.).

Since the promulgation of the first Federal Constitution its principles have been the basis for the development of the Yugoslav legal system. In the years of intensive legislative work by the assemblies and their executive organs (Governments and later Executive Councils) all more important state, economic and social matters have been regulated by law. At present the Yugoslav legal system has three basic characteristics. First, it does not regulate uniformly all the subjects in social relations. Some of these subjects are regulated by complete codes, while other are treated in separate laws, and still other by ordinances and local regulations. Second, the legal system has not developed harmoniously, because the objective economic and social foundations of the Yugoslav society and the direction of its development demanded certain differences and great flexibility in legislation. There are at present considerable differences between the scope of legislation governing the relations which, in essence and form, remained almost unchanged and the matters in those fields of social life where new things come into being with difficulty and with dramatic conflicts of the old and new social elements, of the old and new conceptions. Thus, for instance, the constitutional and administrative law, which regulates mechanism,

organization and functioning of the system of administration, has been framed and promulgated with greater thoroughness and harmony than civil law which regulates relations between the citizens and their manifestations. Likewise, the personal and family rights have been regulated by a single code, while the labour rights and labour relations are still treated in many and insufficiently elaborate rules. This is the result not only of the rapid social development, but also of the evolution of the social and political order, which has been changing very quickly from the system of state ownership and centralized administration into a system of social ownership and the self-government of the working people.

The third characteristic of the new Yugoslav law is probably the most significant and interesting for the theory and practice of socialism. In spite of certain necessary empiricism and inescapable heterogeneity and irregularity, the Yugoslav law has been developed, and today it has a form of a definite system. The existence of this system is not reflected in — as Hegel said — the elevation of different codes and legal prescriptions to the level of unique principles. The fact that Yugoslavia as a state was created on its own social and political foundations, which were the result of the victorious socialist revolution, and that it has been able to develop independently along its own roads, explains the existence of the unique idea of socialist development, the idea which has been gradually modified and perfected, both by using experience gained in the development of other socialist countries and on the basis of the practice in turning this idea in a reality at home.

After the principles of social ownership of the means of productions, of the freedom and rights of the citizens and of the self-government of the working people became the foundations of the country's social and political life, all saw their unity so that they acquired a real motive power in those fields of social relations where law has not yet regulated matters adequately.

This condition in the Yugoslav system of law shows that it is necessary to expand and elaborate it still further. It is clear to all that individual institutions of the social order, which are now governed by obsolete laws or which have never been treated by law, must be regulated by separate constitutional laws and codes. At least two separate constitutional laws will have to be enacted which will regulate the contemporary social and economic order of the country in harmony with the basic democratic liberties and human rights. As is known, the constitutional statute of these matters is still determined by the old (1946) Constitution. By enacting new constitutional laws, the old Constitution could be annulled. However, a new Yugoslav Constitution could not as yet be embodied into a single act, and it would have to consist of separate laws which would be harmonized with the unique principles which dominate the contemporary social and political order of the country or which emanate from it.

There are three social fields which demand the enactment of complete codes, or, at least, elaborate and broad laws. First of all we must have a civil code. The drawing up of civil law, which regulates ownership rights, their manifestations and relations is the most difficult problem of the socialist order and law. The experience of Yugoslavia and of other socialist countries, shows that civil law — even if we retain its name — cannot be the same as the old civil law, just as Lenin emphasized as early as in 1923. In objective social relations, which are

formed on the basis of social ownership of the means of production and producers self-government in economy, these new institutions must be legally regulated and sanctioned. In this complex task we encounter many remains of the past, not only in theory and ideas, but also in the very relations which are being realized. Consequently, the theory of socialism has not yet been able to cope with the new trends adequately, and the results are empiric, often contradictory regimes in the new fields of the social organization of socialism. Without going into an analysis of this matter, which is important for socialism and socialist science in general, we may state that the general scope of the new Yugoslav economic system necessitates a civil code, regardless of one or more acts (on land, on social means of production which are managed by the workers, contracts, public and private property, etc.). Apart from this the laws governing the new economic mechanism must be codified. In Yugoslavia the economic organisations (enterprises, cooperatives, chambers of industry, etc.) are no longer subjects dealt with in the conventional branches of private or commercial law. They are regulated by public, i. e. constitutional law, and they are becoming an ever

more important characteristic of the socialist constitutional law as such.

A code on labour relations must introduce more clearness and firmness into one of the fundamental fields of the social and economic organization of the country. Certain laws on labour relations and on public servants, which are being drawn up now, will not be complete acts of the legal regime of socialist law, and an elaborate code on the matter will have to be enacted later.

Together with all this, we shall continue to face the problem of improving the legal system and its necessary adaptations to changing times. A new branch of law, which began to develop in Yugoslavia after the enactment of the Constitution of 1953, is of special significance for the theory of socialism. This is the law regulating the system of social management, in which certain acts have already been promulgated (laws on schools, theatres, hospitals, and other public institutions). The laws on these matters cannot be embodied in a single code, and further and thorough studies will have to be undertaken in this field. In any case, this branch of law is a specific characteristic as well as a problem of the Yugoslav legal system.

COMMENTS

Economic Prosperity and Signs of Instability

A Review of Economic Activity in Western Europe

Neñad POPOVIĆ

THE economies of the West European countries have made considerable progress in the last few years. First, they greatly expanded production, thus achieving a high level, if not full, employment. It was this expansion of production that helped to stabilize the West European economies, which, in turn, enabled a large number of West European countries to balance their trade with foreign countries, to lift gradually, or at least to ease, the various trade restrictions and so increase production and trade with other areas of the world still further.

This trend of development in the West European countries, which was similar to that in a number of other countries, was manifested in two different ways. First, the pace of the positive economic movement was far quicker in Europe than elsewhere in the world, and, secondly, there were certain tendencies which show that "Western Europe was withdrawing — if not separating itself — from the rest of the world market. It is true, however, that industrial prosperity in Europe — particularly two years ago — was a factor which eased the economic situation of the countries producing and exporting raw materials (and these are mainly underdeveloped or less developed countries). In the future, too, Europe will certainly endeavour to continue increasing raw material imports, and it will remain to be an important exporter of capital goods. However, since no organized world capital market exists, there are no adequate possibilities of financing exports of capital goods to the countries which are developing.

In assessing the stability of European prosperity one must take into account both West Europe's relationship with the rest of the world and internal European trends. As far as the former is concerned, it seems that — in long term perspective — the entire West European economy may gradually give up imports of raw material (agricultural, in particular) from relatively underdeveloped countries, and rely more on supplies from the United States (coal, wheat, oil). This, however, would create considerable difficulties for underdeveloped countries, as well as deplete the dollar reserves of the West European countries themselves and so aggravate the problem of their balances of payments. In addition, there are some other factors of an internal economic character which make the present prosperity of the West European countries unstable. These include defence expenditures, checks to production increases, and the inter-European payment balances.

At one time, particularly when efforts were being made to maintain (or achieve) a high level of employment, defence expenditures were instruments of the policy of full employment. Over a period of several years, however, these expenditures became a component part of economic life, i. e. the economy accepted them as a permanent factor. The defence expenditures in the West European countries were once the chief cause of the inflationary pressure, and they still remain a great worry. Under present conditions, any decreases in these expenditures could be an important contribution to the decreasing of the general inflationary pressure,

which is heralded by the very expansion of business, as well as a good basis for a re-distribution of the national income in individual countries in favour of private investments and general consumption. Here, we do not consider the problem of providing funds which will have to be invested in Western Europe itself, both in order to re-equip the existing capacities, and to open new generating plants. Now, the present level of defence expenditures — to say nothing about still greater outlays — may therefore adversely affect the stability of the European economy.

The same can be said for the slowing down of production expansion which is noticed in several countries, and which is the result of the fact that all capacities have already been put into full operation, as well as of the necessity for internal European readaptations and readjustments. These readjustments are particularly important in view of the relationship between production for home consumption and for exports. Another problem affecting economic stability in Western Europe are prices which have been increasing in the last two years, although slowly and moderately.

What is significant in this is that the fluctuations in prices are different in different countries, which affect the competitive ability of Western Europe as a whole, and of individual states themselves. This, in turn, affects the whole Western European balance of payments, which is quite favourable today, but which tends to deteriorate in relation to the dollar area. On the other hand, the mutual balances of payments of the West European countries themselves are being strained. Some countries (France, Britain) have considerable trade deficits which are increasing, while others (Western Germany) are making increasingly greater profit.

Viewed as a whole, the West European economy is prospering today. This, in fact, is the essential element which has maintained the said stability. However, it is necessary to show that there are factors and tendencies which affect adversely the stability of West European prosperity. Owing to the aggression against Egypt and other recent events, these negative factors have come to greater expression and economic fluctuations have become more marked.

Egypt's White Paper

OUR age is the age of White Papers. It would be difficult to name the Government of a single country, involved in the turmoil of international conflicts, which has not already found itself in a situation necessitating the issue of the so-called White Paper for the defence of its interests or for the purpose of concealing its offensive plans. If we wish to define the significance of the White Paper dealing with the British-French action in the Near East which has just been issued by the Egyptian Government, then we must point out with satisfaction that it belongs to the papers of a third category; it is a collection of documents which constitute — without the use of propaganda methods — a grave accusation against London and Paris.

Can this cooperation be proved today? — is one of the important questions which must be quite clear if there is a wish to change the situation in the Near and Middle East. Namely, the tension between the Arab countries and Israel is at any rate growing and receiving the proportions of a danger to the world in view of the big power combinations. In this case, of course no documents, jointly signed by responsible statesmen, have been revealed providing proof of a coordination of action: But the Egyptian White Paper gives a detailed chronology of events which preceded the aggression, from which coordination can be seen so to say with the naked eye. It is sufficient to recall for example the energy with which, the French Government drew away the attention from the Sinai Peninsula by accusing Egypt of giving direct support to the Algerian nationalists, or the artfulness with which London declared that it would hasten to the aid of Jordan, while the Israeli troops were concentrating on the Egyptian border. And then, when Israel started its "preventive war", Quai d'Orsay pathetically exclaimed that Britain and France would not allow any condemnation of Israel by the United Nations. It must be clear to anybody today that peace in the Middle East can be achieved only through regulating the Arab-Israeli problem, but something else is equally clear, namely, that for such regulation of the matter it would also be necessary to stop the interventions of the Western great powers in the area where the Arab peoples are developing into firmly organized states.

It was a good idea to publish in this book about British-French-Israeli action all that the United Nations succeeded or tried in connection with the crisis of the last few

weeks and months. Actually, thanks to this review, the public is in a position to visualize and define more clearly those elements which provide possibilities for a peaceful development and discovery of a way out of the situation now, when the British-French troops are withdrawing from Suez. It seems that a basic conclusion be drawn by reading this summary of events, is that possibilities for a firm, peaceful solution are greater than the world might suppose — after the shock which it has just experienced. These possibilities are not confined to the six principles to which all parties to the dispute agreed. These principles are undoubtedly the only way to reach a solution in a peaceful and constructive way. But, perhaps even more important is the second conclusion which one reaches on

reading the White Paper, namely the principles which the United Nations organ succeeded in proposing, are also in keeping with the actual atmosphere which influenced most member-states of the United Nations, including certain great powers. Indeed, if anything new arose from the whole course of the crisis in the Near and Middle East, then it is the fact that individual big powers and other big countries stand in this area in their separate places, but all of them have in common: that they must reckon and are beginning to reckon with the demands of the peoples in this part of the world. In such an atmosphere the prospects for peaceful development cannot be denied. The Egyptian White Paper contributes to this belief.

J. G.

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Excerpt from President Tito's New Year Address

With the entry of the New Year, Josip Broz Tito the President of the Republic delivered the following message to the peoples of Yugoslavia:

"Comrades and Citizens,

In connection with the New Year I take this opportunity as usual to say a few words and express my warmest wish that we will be able to continue our peaceful creative work and to achieve the greatest possible successes in the socialist development of our country in the interest of a happier life for our toilers and all working people.

I know that many of our citizens are looking apprehensively to the future owing to the tensions and uncertainties which beset the world at present. Such misgivings are more or less prevalent throughout the world and are caused by the fact that some countries ignored public opinion and the role of the United Nations and resorted to brute military force in order to resolve certain controversial issues which belong to the jurisdiction of the United Nations. Although these actions were tragic as they caused needless suffering and losses, they showed that international public opinion and the forces of peace in the world after World War II are no longer indifferent towards the aggressive acts of those who still consider that everything can be resolved by brute force. The moral factor is acquiring an increasingly significant role in the world today and was strongly manifested in the United Nations during the recent events. I think that this will be a lesson to all who are wont to ignore the consequences of such and similar aggressive ventures.

Our government strove persistently during the past year both in the United Nations and its entire foreign political activity in favour of the principle of the peaceful solution of international disputes and the promotion of peaceful cooperation, for active coexistence, against bloc division for peace etc. I would wish to stress on this occasion that we will continue to pursue such a peace loving policy with still greater perseverance in the future, because we are conscious that such a policy alone can contribute to the consolidation of world peace and the strengthening of those peace loving forces which vigilantly safeguard the peace. We are firmly resolved to continue devoting our maximum efforts to strengthen manifold cooperation and good relations with all countries which desire this.

I think that there is no place for doubt as regards the future and victory of the peace loving aspirations of mankind, as they are being gradually fulfilled, although slowly and with many difficulties. The greatest obstacle which prevents any major results in this respect to be accomplished more rapidly, lies in the deeply rooted mistrust which still exists between countries. The establishment of confidence between states and peoples, requires much tact and patience, while the practical solution of outstanding problems requires a lot of genuine goodwill instead of declarations which are not borne out by corresponding deeds. I think that lack of confidence between countries derives from the division of the world into blocs which are considered on the one hand the most expedient tool for the achievement of certain objectives, while again wrongly believed to constitute the best means of defence from aggression on the other.

The Active Coexistence

In connection with the New Year the Yugopress News Agency requested State Secretary for Foreign Affairs Koča Popović to state his views on the results achieved so far by the policy of active peaceful coexistence in the world and the prospects of such a policy in the light of the latest international development.

Secretary of State Popović kindly complied with this request and stated the following:

"The principles and policy of peaceful coexistence have become a significant international force. In my opinion, this is

because they reflect the objective process of the ever closer interconnection of the individual parts of the world into a single entity, because they express the desire and aspirations for co-operation and peace of the overwhelming majority of mankind, because only their implementation enables the solutions of the contemporary contradictions which beset the world to be approached and because they provide the sole alternative to global war.

These principles have moreover already been proclaimed as a comprehensive programme by the United Nations Charter. At that time they were more or less limited to principles however, since then they were gradually transformed into practical international duties and obligations of all countries, into the policy and action of a certain number of countries, and to an increasing extent, into the policy and practice of the United Nations themselves.

As known, a renewal of tension caused by the still strong remnants of "bloc policy" occurred in international relations during the past few months. There are signs of late which point to the gradual stabilization and improvement of the international situation. If this really should take place I believe that still more favourable conditions will be brought about than before for the overall development of international cooperation and the consolidation of peace. The fact that it was clearly demonstrated and better understood during the recent international crisis that international political problems cannot be resolved by recourse to force should doubtless contribute much in this respect.

Therefore, all views according to which the negative effects of the crisis should be eliminated and overcome by the intensification of precisely that policy in other words bloc policy which led to the crisis seem all the more shortsighted and doomed to failure in advance.

It is obvious on the contrary that the further relaxation of international tension, the development of constructive international cooperation and consolidation of peace can only be achieved by the ever broader and consistent pursuit of the policy of active peaceful coexistence."

Text of Joint Statement of the LCY and PUWP

"A delegation of the Central Committee of the League of Communists of Yugoslavia visited Poland from December 19 to 29, 1956.

The delegation consisted of Svetozar Vukmanovic Tempo, member of the Executive Committee, of the Central Committee of the League of Communists of Yugoslavia, Moma Markovic, Veljko Vlahović, and Krste Crvenkovski, members of the Central Committee of the League of Communists Vlado Majhen member of the Central Committee of the League of Communists of Slovenia, Franc Novak member of the Central Committee of the League of Communists of Bosnia and Herzegovina, Milutin Baltic member of the Central Committee of the League of Communists of Croatia, and Stana Tomasevic member of the Ideological Commission of the Central Committee of the League of Communists of Yugoslavia.

The delegation of the Central Committee of the Yugoslav League of Communists held talks with the delegation of the Central Committee of the Polish United Workers Party which consisted of Roman Zambrowski, Stephen Jendrychovsky, Jezy Morawski members of the Politbureau of the Central Committee of the Polish United Workers Party and Wladislaw Matwin Secretary of the Central Committee of the Polish United Workers Party.

On December 29, 1956 the delegation of the League of Communists of Yugoslavia also held talks with the Political Bureau of the Central Committee of the Polish United Workers Party.

The talks showed a complete mutual understanding of attitudes on the problems discussed.

The problems of roads to socialism were also examined. Careful attention was devoted to the problem of the role of the party in the guidance of socialist development.

It was noted on both sides that during the past 40 years since the Great October Revolution the socialist idea achieved major historical successes. The future socialist development of countries which embarked on the road to socialism is of vital importance for fresh victories of progressive social development on a world scale.

Both sides stress the immense significance of the XX Congress of the Soviet Communist Party both for the development of

socialist theory and practice, and the revival of the international workers movement.

Both sides stressed their agreement that different countries can arrive to socialism by different roads, thus enriching the forms of the inevitable development of society to socialism.

The talks revealed the identity of views as regards the indispensability of bilateral cooperation between parties, based on broad exchange of information and sincere interparty discussion which enables differences of opinion on a given question to be explained or smoothened out. Discussions of this kind and if necessary, mutual constructive and sincere criticism should provide assistance in the promotion of socialist theory and practice and cannot lead to interference in the internal problems of a party or state. The consistent realization of these principles on mutual cooperation will contribute to the promotion of international ties which link the communist and workers parties, as well as the strengthening of solidarity among the socialist countries.

Both sides consider that bilateral relations between parties under the present conditions represent the most correct form of cooperation among the communist and workers parties. This however does not preclude broader cooperation among communist and workers parties and movements on certain problems of common interest.

Both sides have agreed that the establishment and promotion of cooperation with socialist parties and progressive movements wishing to cooperate on a basis of equal rights and non interference in internal affairs is necessary in the struggle for the alleviation of international tension and the consolidation of world peace.

Both delegations noted that cooperation between the Polish United Workers Party and the League of Communists of Yugoslavia hitherto yielded fruitful results and that it should be broadened in the future.

In the connection both delegations confirmed their wish to continue the exchange of party delegations at various levels, exchange of publications and party press, and apply all other forms of inter party cooperation with a view to ensuring mutual exchange of views and experiences.

Both parties expressed their deep conviction that this type of cooperation between the two parties will have a favourable influence on the development of friendly relations between the Federal Peoples Republic of Yugoslavia and the Peoples Republic of Poland, thus serving the cause of socialism in both countries and that of world peace.

Communique on Talks between Yugoslav and Italian Communists

THE last joint session which marked the end of the visit of the delegation of the League of Communists of Yugoslavia to the Italian Communist Party was attended by the whole Yugoslav delegation headed by Petar Stambolić. The Communist Party of Italy was represented by members of the Directorate and the Central Committee. Those present on the Italian side were Luigi Longo, Giancarlo Pajetta, Velio Spano and Pellegrini, members of the Directorate and another six members of the Central Committee. The meeting examined the concrete forms of the further cooperation between the two parties.

At the end of the meeting a communique was issued signed jointly by the two delegations and reading as follows:

"The delegation of the Central Committee of the League of Communists of Yugoslavia consisting of Comrades Petar Stambolić and Lidiya Šentjurc who had already taken part in the work of the Eighth Congress of the CP of Italy, Lazar Koliševski, Anka Berus, Cvijetin Mijatović, Nikola Sekulić and Stevan Doronjski stayed in Italy from December 14th till December 23rd, returning the visit which the delegation of the Communist Party of Italy paid to Yugoslavia in October this year. After meeting Comrade Togliatti and other comrades from the Directorate of the Communist Party of Italy in Rome, the Yugoslav delegation visited Communist and mass organisations as well as social institutions in Bologna, Ferrara, Reggio Emilia, Milan and Venice. The visit ended with a meeting between the delegations of the League of Communists of Yugoslavia and a delegation of the Central Committee of the Communist Party of Italy which was headed by Comrade Longo. The visit was concluded in Venice.

During the visit, which provided possibilities for comradely contacts with the leaders, members of various organizations and workers, the representatives of the League of Communists of Yugoslavia deepened their knowledge of conditions in Italy and policy of the Communist Party of Italy.

These contacts confirmed how important it is that the communist parties should get to know each other better and better and exchange their experiences and views so that their activity may become even more efficacious, for the relaxation of tension in the world, for peace and progress of socialism, regardless of different conditions in which they operate, and for the development and strengthening of their relations of cooperation in a brotherly spirit even when their estimations on individual questions differ.

Better mutual acquaintance has confirmed, on the other hand, that relations between the two parties are increasingly marked by a sincere and firm wish for cooperation, as it was already decided after the visit of the delegation of the Communist Party of Italy to Yugoslavia. In the relations between the two parties, a step forward was made just as it was desired and expected. The talks conducted recently in Italy provided possibilities for an examination of concrete forms of systematic cooperation between the two parties.

The two parties decided to inform each other regularly about their attitudes to the course of international events and situations in the labour movement, about various aspects of their political activity and life of the two parties. Besides, the two parties have undertaken to exchange information materials, publications, and to see about their widest possible publications in their country. It was decided to start and help an exchange of delegations between the Italian and Yugoslav cities and factories, between cooperatives, youth and trade union organizations in each country, as well as to arrange meetings between cultural workers, organize lectures and discussions and to provide possibilities, in the greatest possible measure, for exchanging groups of workers during the summer holidays.

Two delegations exchanged their views, in a friendly manner, on some problems of economic and cultural relations between the two countries and on questions of national minorities in each country. The Yugoslav and Italian Communist delegations expressed their agreement with the view that the two parties should exert the greatest efforts to contribute towards the development of continuously improving relations between the two peoples and two countries.

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